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PROCEEDINGS
OF THE
TWENTY-SECOND
ANNUAL CONVENTION

OF



IN JOINT SESSION WITH
THE NATIONAL ASSOCIATION OF
COTTON MANUFACTURERS

HELD AT
NEW YORK
MAY 1, 2 and 3, 1918

1897-1918

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NOTICE

This book is free to members of the Association.

To make the American Cotton Manufacturers Association a thoroughly representative organization, it is necessary that the membership include all who are eligible.

- It has been found that many desiring to join the Association have not done so on account of having no invitation. It is hoped the members will present the matter to their friends and use the attached perforated form in making applications from among their associates who are eligible.

Ref.
419
Ame 3

✓ THE AMERICAN COTTON MANUFACTURERS ASSOCIATION

MEMBERSHIP APPLICATION BLANK

W. D. ADAMS, Secretary and Treasurer,

*The American Cotton Manufacturers Association,
Charlotte, N. C.*

DEAR SIR:

Will you kindly advise me as to how I may become a member of the American Cotton Manufacturers Association, the dues that I may have to pay, and all other information of interest?

Yours very truly,

Name.....

Office or position.....

Mill or firm.....

If mill, state number of spindles, of looms.....

Address.....

NOTE—*Our Fiscal Year begins May 1st and ends April 30th.*



ARTHUR J. DRAPER
President

PROCEEDINGS
OF THE
Twenty-Second Annual Convention
✓ **OF THE**
American
Cotton Manufacturers
Association

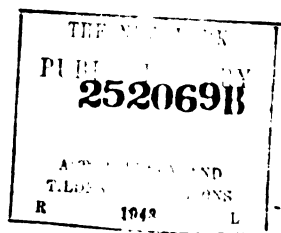
HELD AT
New York, May 1, 2 and 3, 1918

BILTMORE HOTEL

TOGETHER WITH
CERTIFICATE OF INCORPORATION
AND
BY-LAWS



1918
QUEEN CITY PRINTING COMPANY
CHARLOTTE, N. C.



ORDER OF BUSINESS OF CONVENTIONS

Prayer.
Address of President.
Papers.
Report of Secretary and Treasurer.
Reports of Committees.
New Business.
Election of Officers.
Adjournment

419
Amc 3
1918

BOARD OF GOVERNORS PAST AND PRESENT

- A. A. Shuford, 1897-98.
R. J. Stough, 1897-98.
R. S. Rheinhardt, 1897-98.
A. C. Miller, 1898-02.
J. T. Anthony, 1898-1900.
W. C. Heath, 1898-07.
Col. Leroy Springs, 1898-02.
Thos. M. Swift, 1904-07.
T. L. Wainwright, 1901-04.
A. P. Rhyne, 1899-06.
B. E. Willingham, 1900-06.
Val Taylor, 1901-07.
J. P. Leak, 1901-07.
David Clark, 1902-08.
Dr. J. H. McAden, 1902-05.
E. W. Thomas, 1902-05.
Arthur H. Lowe, 1903-04.
Geo. B. Hiss, 1903-06.
R. M. Miller, Jr., 1904-06.
Lewis W. Parker, 1905-08.
T. H. Rennie, 1905-08.
Chas. K. Oliver, 1908-09.
John C. Rankin, 1908-11.
E. A. Lang, 1902-06.
E. A. Smith, 1902-08.
P. M. Brown, 1897-99.
A. M. Price, 1897-98.
Arthur J. Draper, 1904-07.
D. R. Julian, 1897-98.
R. R. Ray, 1897-06.
J. C. Smith, 1898-07.
D. A. Tompkins, 1899-02.
T. A. Blythe, 1906-09.
C. H. Fish, 1906-09.
J. J. White, Jr., 1906-09.
Chas. H. Gorton, 1906-09.
W. T. Lang, 1906-09.
E. A. Smyth, 1907-10.
Leonard Paulson, 1907-10.
E. Chappel, 1907-10.
F. A. Flather, 1907-10.
D. Y. Cooper, 1907-10.
M. M. McCall, 1907-10.
Chas. B. Amory, 1908-11.
Aug. W. Smith, 1908-11.
W. A. Erwin, 1909-12.
Ridley Watts, 1909-12.
- C. H. Moody, 1909-12.
W. H. Harris, 1909-12.
C. D. Tuller, 1909-12.
L. D. Tyson, 1909-12.
W. E. Beattie, 1910-13.
Ceasar Cone, 1910-13.
Scott Maxwell, 1910-13.
J. P. Eddy, 1910-13.
W. T. Bryan, 1910-13.
Carroll Baldwin, 1910-13.
Stuart W. Cramer, 1911-12.
Wm. E. Hooper, 1911-14.
John A. Law, 1911-14.
T. L. Wainwright, 1911-14.
J. T. Broadbent, 1912-15.
J. P. Gossett, 1912-15.
Alexander Makepeace, 1912-15.
James Maynard, 1912-15.
W. C. Ruffin, 1912-15.
T. I. Hickman, 1912-15.
C. B. Armstrong, 1913-16.
Fuller E. Callaway, 1913-17.
J. D. Hammett, 1913-18.
Geo. H. Lanier, 1913-16.
Arthur R. Sharp, 1913-16.
A. A. Thompson, 1913-16.
J. W. Cannon, 1914-17.
Leroy Springs, 1914-17.
A. W. McLellan, 1914-20.*
J. J. Bradley, 1915-18.
Eugene Holt, 1915-18.
Geo. E. Spofford, 1915-18.
Paul J. Marrs, 1915-18.
Craig S. Mitchell, 1915-16.
J. O. White, 1916-19.*
Geo. W. Fraker, 1916-19.*
L. D. Tyson, 1916-19.*
Alex. Long, 1916-19.*
J. T. Broadbent, 1916-19.*
John W. Arrington, 1916-19.*
C. L. Gilliland, 1916-21.*
Emslie Nicholson, 1917-20.*
C. E. Hutchinson, 1917-20.*
George H. Lanier, 1918-21.*
Howard Baetjer, 1918-21.*
H. R. Fitzgerald, 1918-21.*
John L. Patterson, 1918-21.*

* Term expires.

OFFICERS

ELECTED MAY 3, 1918

PRESIDENT

ARTHUR J. DRAPER, Charlotte, N. C.

VICE-PRESIDENT

JAMES D. HAMMETT, Anderson, S. C.

SECRETARY AND TREASURER

W. D. ADAMS, Charlotte, N. C.

BOARD OF GOVERNORS

Allen F. Johnson, Atlanta, Ga., *Chairman*
A. W. McLellan, New Orleans, La.
Howard Baetjer, Baltimore, Md.
H. R. Fitzgerald, Danville, Va.
John L. Patterson, Roanoke Rapids, N. C.
Geo. H. Lanier, West Point, Ga.
John W. Arrington, Greenville, S. C.
J. O. White, Gastonia, N. C.
L. D. Tyson, Knoxville, Tenn.
Alex. Long, Rock Hill, S. C.
Geo. W. Fraker, Spray, N. C.
J. T. Broadbent, New York.
C. L. Gilliland, Chester, Pa.
Emslie Nicholson, Union, S. C.
C. E. Hutchinson, Mount Holly, N. C.

OFFICERS OF THE ASSOCIATION PAST AND PRESENT

PRESIDENTS

Col. J. T. Anthony, 1897-98.	Lewis W. Parker, 1909-10.
D. A. Tompkins, 1898-99.	D. Y. Cooper, 1910-11.
Dr. John H. McAden, 1899-02.	Capt. Ellison A. Smyth, 1911-12.
Geo. B. Hiss, 1902-03.	W. A. Erwin, 1912-13.
W. C. Heath, 1903-04.	Stuart W. Cramer, 1913-14.
R. S. Reinhardt, 1904-05.	T. I. Hickman, 1914-15.
R. M. Miller, Jr., 1905-06.	Scott Maxwell, 1915-16.
Arthur H. Lowe, 1906-07.	John A. Law, 1916-17.
S. B. Tanner, 1907-08.	Fuller E. Callaway, 1917-18.
T. H. Rennie, 1908-09.	Arthur J. Draper, 1918-19*

VICE-PRESIDENTS

A. P. Rhyne, 1897-99.	W. A. Erwin, 1911-12.
J. P. Verdery, 1899-02.	Stuart W. Cramer, 1912-13.
Thos. M. Swift, 1902-4.	T. I. Hickman, 1913-14.
Arthur H. Lowe, 1904-06.	Scott Maxwell, 1914-15.
S. B. Tanner, 1906-07.	John A. Law, 1915-16.
T. H. Rennie, 1907-08.	Ceasar Cone, 1916-17.
Lewis W. Parker, 1908-09.	Arthur J. Draper, 1917-18.
Chas. K. Oliver, 1909-10.	James D. Hammett, 1918-19.*
Ellison A. Smyth, 1910-11.	

SECRETARIES AND TREASURERS

Geo. B. Hiss, 1897-01.	C. B. Bryant, 1901-17.
	W. D. Adams, 1917-19.*

* Term expires.

NATIONAL COUNCIL OF AMERICAN COTTON MANUFACTURERS

Stuart W. Cramer, Charlotte, N. C., *Chairman*
Edwin Farnham Greene, Boston, Mass., *Vice-Chairman*
Albert Farwell Bemis, Boston, Mass., *Treasurer*
Winston D. Adams, Charlotte, N. C., *Secretary*

MEMBERS FROM THE AMERICAN COTTON MANUFACTURERS ASSOCIATION

Arthur J. Draper, Charlotte, N. C., *President*
Jas. D. Hammett, Anderson, S. C., *Vice-President*
Stuart W. Cramer, Charlotte, N. C.
Ellison A. Smyth, Greenville, S. C.
Fuller E. Callaway, La Grange, Ga.
D. Y. Cooper, Henderson, N. C.

MEMBERS FROM THE NATIONAL ASSOCIATION OF COTTON MANUFACTURERS

W. Frank Shove, Fall River, Mass., *President*
Albert F. Bemis, Boston, Mass.
Edwin Farnham Greene, Boston, Mass.
Albert Greene Duncan, Boston, Mass.
Frank J. Hale, Boston, Mass.
Gerrish H. Milliken, New York
Philip Y. DeNormandie, Boston, Mass.

ANNUAL CONVENTION HELD IN

Charlotte, N. C., 1897.
Charlotte, N. C., 1898.
Charlotte, N. C., 1899.
Charlotte, N. C., 1900.
Atlanta, Ga., 1901.
Charleston, S. C., 1902.
Charlotte, N. C., 1903.
Washington, D. C., 1904.
Knoxville, Tenn., 1905.
Asheville, N. C., 1906.
Philadelphia, Pa., 1907.

Richmond, Va., 1908.
Richmond, Va., 1909.
Charlotte, N. C., 1910.
Richmond, Va., 1911.
Washington, D. C., 1912.
Washington, D. C., 1913.
New York, N. Y., 1914.
Memphis, Tenn., 1915.
Atlanta, Ga., 1916.
Washington, D. C., 1917.
New York, N. Y., 1918.

**CERTIFICATE OF INCORPORATION
OF THE
AMERICAN
COTTON MANUFACTURERS
ASSOCIATION
INCORPORATED**

We, the undersigned, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the act of the General Assembly of the State of North Carolina, entitled "An Act to Revise the Corporation Law of North Carolina" (Session of 1901), and the acts amendatory thereof and supplemental thereto, do hereby certify as follows:

FIRST:

The name of this Corporation is "AMERICAN COTTON MANUFACTURERS ASSOCIATION, INCORPORATED."

SECOND:

The location of the principal office in the State is at No. 36 South College Street, in the City of Charlotte, in the County of Mecklenburg. The name of the statutory agent therein and in charge thereof, upon whom process against the corporation may be served, is C. B. Bryant.

THIRD:

The objects for which this corporation is formed are to extend and encourage investigation and experiment in scientific methods of cotton and textile manufacturing; to gather and promulgate information concerning cotton manufacturing and textile arts; to promote social intercourse among persons

engaged in cotton manufacturing and kindred or allied pursuits; to establish and maintain libraries of work on textile or other arts, to broaden the knowledge of its members as to improved methods of manufacturing and as to the possibilities and development of all kinds of textile manufacturing; and to do generally all acts or things incidental or desirable in accomplishing the said objects.

FOURTH :

The total authorized capital stock of the corporation is twenty thousand dollars, divided into two thousand shares of the par value of ten dollars each.

The capital stock shall be divided into two classes or kinds, one of which shall be known as "active stock," the holder or holders of which shall be known as "active members"; and the other of which shall be known as "associate stock," whose holders shall be known as "associate members."

No person can be an "active member," or the holder of any share of "active stock" of this corporation, unless he is actively engaged as president, vice-president, secretary, treasurer, agent, manager, director or superintendent of some mill or establishment manufacturing, printing, or finishing cottons.

Any person may be an "associate member" who is engaged in some pursuit allied with or related to textile manufacturing.

The entire management and control of affairs of the corporation is vested exclusively in the holders of "active stock," and the active members shall be solely entitled to vote at stockholders' meetings; the "associate members" or holders of "associate stock" shall have no voice in the affairs of the corporation, and shall not be entitled to vote or otherwise participate in stockholders' meetings, nor can they be directors of the corporation.

The corporation may issue from time to time, as the directors or the "board of governors," hereinafter provided for, may elect, the said stock, divided into "active" and "associate" stock, in such amounts and at such times as may be desired.

FIFTH :

The names and postoffice addresses of the incorporators and the number of shares of "active stock" subscribed for by each, the aggregate of which is the amount of capital stock with which the corporation may be organized and commence its corporate existence and duties, are as follows :

<i>Name</i>	<i>P. O. Address</i>	<i>No. of Shares</i>
W. C. Heath.....	Monroe, N. C.....	One Share Active Stock
R. S. Reinhardt.....	Lincolnton, N. C.....	One Share Active Stock
E. W. Thomas.....	Columbia, S. C.....	One Share Active Stock
B. W. Hunt.....	Eatonton, Ga.	One Share Active Stock
Thos. M. Swift.....	Elberton, Ga.	One Share Active Stock

SIXTH :

The following provisions shall be applicable to the regulation of the affairs and business of the corporation, and of the stockholders or members and directors, to-wit :

(a) Each "active member" shall be entitled to one vote at any meeting of the stockholders.

(b) The corporation may fix the number of directors so as to embrace all "active members" or holders of "active stock," and may make the number of directors variable as the number of "active members" varies. The corporation may provide in the by-laws for several classes of directors, whose terms of office shall expire at different times (the term of no director to be longer than five years), and may also provide that less than a majority of the whole number of directors may constitute a quorum for the transaction of business.

(c) The annual and other business meetings of the stockholders or members must be held within this State; but social meetings may be held anywhere in the United States, in or out of this State, as may be ordered by the directors or "board of governors."

(d) The directors may hold their meetings at any place either in or out of this State, and within the United States, as

they or the "board of governors" may order. The directors may elect out of their own members an executive committee, to consist of fifteen directors, who shall be called the "board of governors," and who shall be clothed with such authority and powers as may be relegated to them by the "active members," or by the directors or by the by-laws.

(e) No dividends shall be declared on either class of said stock, and the corporation shall not engage in any business for pecuniary profit, its object and purposes being only social and educational, as set forth above. Each share of stock, after the first year from the date of its issue, shall be assessable for annual dues or other purposes to an amount not exceeding ten dollars a year. No holder of either class of stock shall be liable for more than the par value of his stock and the annual dues and assessments, not exceeding ten dollars per year. The by-laws may provide for the election of "honorary members," to whom no stock shall be issued, and from whom no dues shall be collected, and who shall have no voice in the affairs of the corporation, but who shall be entitled to participate in all social meetings. The by-laws may also provide for the forfeiture of any share of stock by reason of the non-payment of dues or assessments, and stock so forfeited shall be null and void, and may be reissued.

SEVENTH :

The period of existence of this corporation is sixty years.

In witness whereof, we, the corporators aforesaid, have hereunto set our hands and seals, this the 25th day of June, A. D. 1903.

W. C. HEATH	(Seal)
R. S. REINHARDT	(Seal)
E. W. THOMAS	(Seal)
THOS. M. SWIFT	(Seal)
BENJ. W. HUNT	(Seal)

STATE OF NORTH CAROLINA—COUNTY OF UNION.

Personally appeared before me, C. F. Love, a Notary Public in and for the said County, W. C. Heath, one of the corporators of the American Cotton Manufacturers Association, Incorporated, and acknowledged the due execution of the foregoing certificate of incorporation for the purposes therein expressed.

Witness my hand and official seal, this the 25th day of June, 1903.

(Notarial Seal)

C. F. LOVE,
Notary Public.

STATE OF NORTH CAROLINA—COUNTY OF LINCOLN.

Personally appeared before me, Claude Ramseur, a Notary Public in and for the county aforesaid, R. S. Reinhardt, one of the corporators of the American Cotton Manufacturers Association, Incorporated, and acknowledged the due execution of the foregoing certificate of incorporation, for the purposes therein expressed.

Witness my hand and official seal, this the 29th day of June, 1903.

(Notarial Seal)

CLAUDE RAMSEUR.
Notary Public.

STATE OF GEORGIA—COUNTY OF PUTNAM.

Personally appeared before me, L. M. Pennington, Notary Public in and for the County and State aforesaid, B. W. Hunt, one of the corporators of the American Cotton Manufacturers Association, Incorporated, and acknowledged the due execution of the foregoing certificate of incorporation, for the purposes therein expressed.

Witness my hand and official seal, this 13th day of July, 1903.

L. M. PENNINGTON,
Notary Public, Putnam County, Georgia.
(Notarial Seal)

STATE OF SOUTH CAROLINA—COUNTY OF RICHLAND.

Personally appeared before me, D. Cardwell, Jr., a Notary Public in and for the County and State aforesaid, E. W. Thomas, one of the corporators of the American Cotton Manufacturers Association, Incorporated, and acknowledged the due execution of the foregoing certificate of incorporation for the purposes therein expressed.

Witness my hand and official seal, this the 30th day of June, 1903.

(Notarial Seal)

D. CARDWELL, JR.,
Notary Public.

STATE OF GEORGIA—COUNTY OF ELBERT.

Personally appeared before me, Z. C. Hayes, in and for the County and State aforesaid, Thos. M. Swift, one of the corporators of the American Cotton Manufacturers Association, Incorporated, and acknowledged the due execution of the foregoing certificate of incorporation for the purposes therein expressed.

Witness my hand and official seal, this the 11th day of June, 1903.

(Notarial Seal)

Z. C. HAYES,
N. P. E. C.

Filed, July 15, 1903.

J. BRYAN GRIMES, *Secretary of State.*

STATE OF NORTH CAROLINA
OFFICE OF SECRETARY OF STATE

I, J. Bryan Grimes, Secretary of State of North Carolina, do hereby certify the foregoing and attached [six (6) sheets] to be a true copy of the Certificate of Incorporation of "*American Cotton Manufacturers Association, Incorporated*," and the probates thereon, as the same is taken from and compared with the original filed in this office on the 15th day of July, A. D. 1903.

In witness whereof, I have hereunto set my hand and affixed my official seal.

Done in office at Raleigh, this 15th day of July, in the year of our Lord, 1903.

(Secretary of State Seal)

J. BRYAN GRIMES,
Secretary of State.

AN ACT

To allow the Stockholders of the "American Cotton Manufacturers Association, Incorporated," to hold their meetings either in or out of the State of North Carolina.

The General Assembly of North Carolina do enact:

SECTION 1. That the provisions of section forty-nine of chapter two of the public laws of one thousand nine hundred and one, requiring that "the meetings of the stockholders of every corporation of this State shall be held at the principal office in this State," shall not apply to the "American Cotton Manufacturers Association, Incorporated," but that so long as its present charter remains unamended except by this act, meetings of the stockholders of said corporation may be held at any place in the United States, in or out of the State of North Carolina, that may be designated by the Board of Directors, or "the Board of Governors," of said corporation; provided, that when any meeting is held out of the State thirty days' notice thereof shall be mailed to each holder of stock having voting powers, at his address, as appearing on the books of the said corporation.

SEC. 2. That the Secretary of State is hereby authorized to certify an amendment to the charter or certificate of incorporation of said corporation in accordance with the preceding section upon application made therefor in writing by President and Secretary of the said Corporation with the common seal of the corporation affixed thereto.

SEC. 3. That this act be in force from and after its ratification.

In the General Assembly read three times and ratified this 20th day of February, A. D. 1905.

STATE OF NORTH CAROLINA

OFFICE OF SECRETARY OF STATE

Raleigh, May 27, 1905.

I, J. Bryan Grimes, Secretary of State of the State of North Carolina, do hereby certify the foregoing attached [one (1) sheet] to be a true copy from the records of this office.

In witness whereof, I have hereunto set my hand and affixed my official seal.

Done in office at Raleigh, this 27th day of May, in the year of our Lord, 1905.

J. BRYAN GRIMES.

Secretary of State.

STATE OF NORTH CAROLINA—COUNTY OF MECKLENBURG.

To Hon. J. Bryan Grimes, Secretary of State of the State of North Carolina:

The American Cotton Manufacturers Association, Incorporated, by R. S. Reinhardt, its president, and C. B. Bryant, its secretary, hereby makes application for an amendment of its charter to be certified, and to that end, does hereby set forth the following:

That the General Assembly of North Carolina, at its session of 1905, on the 20th day of February, 1905, ratified an act entitled, "An Act to allow stockholders of the 'American Cotton Manufacturers Association, Incorporated,' to hold their meetings either in or out of the State of North Carolina."

That by the terms of said Act, the Secretary of State is authorized to certify an amendment of the charter of certificate of incorporation of said American Cotton Manufacturers Association, Incorporated, in accordance with the provisions of said Act.

That it is the unanimous desire of the stockholders of the said corporation that its certificate of incorporation be amended as allowed by said Act.

That the said certificate of incorporation be, and the same is hereby amended by striking out all of sub-section (c) of the sixth section thereof and inserting in lieu thereof, the following:

“(c) The annual or other business or social meetings of the stockholders or members may be held at any place in the United States, in or out of the State of North Carolina, that may be designated by the Board of Directors or Board of Governors of said Corporation, provided that when any meeting is held out of the State, thirty days’ notice thereof shall be mailed to each holder of stock having voting powers at his address as appearing on the books of the corporation.

Wherefore, the said American Cotton Manufacturers Association, Incorporated, makes application to the said Hon. J. Bryan Grimes, Secretary of State, to certify the said amendment to its certificate of incorporation.

In witness whereof, the said American Cotton Manufacturers Association, Incorporated, has caused this application to be signed by its president, and attested by its secretary, and has caused its corporate seal to be hereunto affixed, this the 1st day of March, A. D. 1905.

AMERICAN COTTON MANUFACTURERS
ASSOCIATION, INCORPORATED.

By R. S. REINHARDT,

(Corporate Seal)

President.

Attest—C. B. BRYANT, *Secretary.*

STATE OF NORTH CAROLINA—COUNTY OF MECKLENBURG.

Personally appeared before me, Baxter Ross, Notary Public in and for the County and State aforesaid, C. B. Bryant, who being by me duly sworn, says: That R. S. Reinhardt is the President of the American Cotton Manufacturers Asso-

ciation, Incorporated, and that the seal affixed to the foregoing application is the common seal of the said Association; that he saw the said R. S. Reinhardt affix the said seal to, and sign the foregoing application; that he, the said C. B. Bryant, is the Secretary of the said Association, and that as such Secretary he signed the foregoing application in attestation thereof; and that the matters and facts set forth in the said application are true to the best of his knowledge and belief.

(Official Seal)

C. B. BRYANT.

Sworn to and subscribed before me, this the 1st day of March, 1905.

BAXTER ROSS,

Notary Public.

Filed, March 8th, 1905.

J. BRYAN GRIMES, *Secretary of State.*

STATE OF NORTH CAROLINA

OFFICE OF SECRETARY OF STATE

I, J. Bryan Grimes, Secretary of State of the State of North Carolina, do hereby certify the foregoing and attached [three (3) sheets] to be a true copy of the certificate of amendment to the charter of the American Cotton Manufacturers Association, Incorporated, and the probates thereon, as the same is taken from and compared with the original filed in this office on the 8th day of March, A. D. 1905.

In witness whereof, I have hereunto set my hand and affixed my official seal.

Done at office in Raleigh, this 8th day of March, in the year of our Lord, 1905.

(Signed) J. BRYAN GRIMES,

(Seal)

Secretary of State.

**BY-LAWS
OF THE
AMERICAN
COTTON MANUFACTURERS
ASSOCIATION
INCORPORATED
AS AMENDED TO DATE**

STOCKHOLDERS

1. A meetings of the stockholders shall be held annually on the fourth Tuesday in May, at such place either within or without the State of North Carolina as the Board of Governors may prescribe, notice of which shall be mailed by the Secretary at least thirty days prior to each meeting to each stockholder owning a share of "active stock" at his address appearing on the books of the corporation.

2. The active membership of the association shall be corporate; such corporations being limited to those engaged in spinning, manufacturing, printing, and finishing cottons and allied industries, each corporation to be represented by any one of its officers, and entitled to one vote. The annual assessments shall not exceed \$2.50 per thousand spindles for weaving and other mills, and \$2 per thousand spindles for spinning only mills, but in no case shall the amount so assessed be less than \$25 for weaving and other mills and \$20 for spinning only mills, nor more than \$500 per annum.

The associate membership shall be individual and may embrace any one engaged in textile manufacturing or allied industry. The annual dues for associate members shall be \$20 per annum.

Associate corporate memberships (who are not weavers or spinners) may be accepted on an equitable basis to be agreed upon.

All business meetings of the stockholders shall be held by, and participated in by "active members"; each of whom shall hold one share of active stock as defined in the articles of corporation, and no other person or persons shall be entitled to vote or participate in such meetings.

3. Special meetings of the stockholders may be called by the Board of Governors upon ten days' notice, to be mailed by the Secretary to each holder of "active stock."

4. At all stockholders' meetings each holder of "active stock" shall be entitled to one vote and no more, and the majority of the active members present, either in person or by proxy, shall constitute a quorum for the transaction of business. If at any meetings less than a quorum is present, those present may adjourn the meeting until a date certain.

5. Eleven stockholders shall constitute a quorum for the transaction of business, but the majority of those present at any meeting, though less than a quorum, may adjourn from time to time until a quorum be had.

6. The order of business at stockholders' meetings shall be as follows: (1) Roll call; (2) Reading minutes of preceding meeting and action thereon; (3) Reports of officers; (4) Report of committees; (5) Unfinished business; (6) New business; (7) Election of officers; (8) Adjourn.

BOARD OF GOVERNORS

7. In recess of the stockholders the affairs of the corporation shall be managed by the board of directors or "board of governors," to be elected by the stockholders, to consist of fifteen members, each of whom shall be an active member of the corporation, and the "board of governors" shall meet at the call of the President at such time and place as he may appoint, three days' notice of all meetings to be mailed to each member of the "board of governors" by the secretary at the address appearing on the books of the corporation. Five members of the "board of governors" shall constitute a quorum for the transaction of business, though a less number may adjourn a meeting from time to time until a quorum be had.

Ex-officio members of the board of governors shall include: (1) ex-presidents of the association actively engaged in cotton manufacturing; (2) ex-presidents who may be honorary members, and (3) presidents of the Cotton Manufacturing Associations in each of the Southern States—with the aim, in so far as possible, of maintaining the American Cotton Manufacturers Association as a clearing house in matters of national importance for the different State associations.

8. Each member of the "board of governors" shall be elected for a term of three years and shall serve until his successor shall be elected and qualified.

OFFICERS

9. The officers of the corporation shall consist of the President, Vice-President, Chairman Board of Governors, Secretary and Treasurer, which last two offices may be filled by the same person.

10. The President shall be a stockholder and an active member and an *ex-officio* member of the "board of governors," and shall have control of the management of the affairs of the corporation during the intervals between the meetings of the "board of governors" and stockholders. He shall preside at all meetings of stockholders and "board of governors" and he shall sign all certificates of stock and shall perform such other duties as may be assigned to him by the stockholders or Board of Governors.

11. The President shall not be elected to succeed himself, but shall hold office until his successor shall be elected and qualified. The Vice-President shall have such powers and perform such duties as may be assigned to him by the stockholders or Board of Governors, and in case of the absence or disability of the President, the duties of his office shall devolve upon the Vice-President.

12. The Chairman of the Board of Governors shall assume the duties of the President and the Vice-President in the absence of these officers.

13. The Vice-President shall not be elected to succeed himself, but shall hold office until his successor shall be elected and qualified.

14. The Secretary and Treasurer shall be either a holder of "active stock" or "associate stock" and shall have custody of the funds and property and books of the corporation, and shall receive and disburse funds of the corporation, taking proper vouchers thereof. He shall keep the minutes of all stockholders' and Board of Governors meetings and shall make report to the stockholders and Board of Governors as may from time to time be required of either of said bodies.

15. The Secretary and Treasurer may be elected to succeed himself, and shall hold office until his successor shall be elected and qualified.

16. All of said officers shall be elected by the stockholders. The compensation for the Secretary and Treasurer shall be fixed by the Board of Governors.

NATIONAL COUNCIL

17. The Board of Governors may co-operate with the National Association of Cotton Manufacturers in matters of national scope and importance through the National Council of American Cotton Manufacturers (composed of representatives of the National Association of Cotton Manufacturers and an equal number from this association), in such manner and to such an extent as it may from time to time determine to be for the best interest of the cotton manufacturing industry, and may delegate to the council authority to act for this association on such matters of national importance as may be mutually agreed upon by the boards of government of the constituent associations.

The representatives of this association in the National Council shall be the seven following:

The President, the Vice-President, the chairman of the Board of Governors and the chairman of the legislative committee, of the association (ex-officio); and three other mem-

bers elected from the active membership of the association. At the first election under this article, the Board of Governors shall elect representatives to serve, one, two and three years, respectively. Thereafter, one representative shall be elected each year to serve a term of three years.

The Board of Governors, from the moneys received as assessments and dues, may contribute to the National Council for the support of its work at such times and in such manner as may be deemed necessary and desirable by a majority of the Board of Governors.

SEAL

18. The Board of Governors shall provide a suitable seal, which shall contain the name of the corporation, the year of its creation, and other suitable words, which shall be in charge of the Secretary, to be used as directed by the "board of governors."

ASSOCIATE MEMBERS

19. Certificates of "associate stock" may be issued to persons possessing the requisite qualification as prescribed by the certificate of incorporation which shall thereupon become "associate members" and as such entitled to be present at all social meetings of the corporation, but not at its business meetings.

HONORARY MEMBERS

20. The Board of Governors may elect such persons as they see fit "honorary members" of the Association, who shall be entitled to be present at all social meetings, but who shall be liable to no assessments. No person can be elected to honorary membership who is actively engaged as an officer in any textile manufacturing corporation.

ASSESSMENTS

21. The Board of Governors is authorized to levy the assessments above provided for. Failure on the part of any active

or associate member to pay an assessment for one year after the same is levied and he is notified thereof, shall work a forfeiture of his stock, and stock so forfeited may be re-issued.

AMENDMENTS

22. These by-laws may be amended or added to, or repealed by the "board of governors" or by the stockholders at any meeting, by a majority vote.

MEMBERS

Membership is of three classes: Active, Associate Corporate and Associate. The mills are the Active Members, with the officers individual members. Associate Corporate Members are firms not engaged in spinning or weaving, but are closely allied thereto. Associate Members are individuals not engaged in cotton manufacturing, but who are interested in allied lines.

The Active Members are as follows, alphabetically arranged as to location in the several states. The name following the mill is the officer of the corporation who is active in associational work.

ALABAMA

Dwight Manufacturing Co., C. S. Wilkinson, Agent, Alabama City.
Adelaide Mills, Scott Roberts, Treas., Anniston.
Woodstock Cotton Mills, D. C. Campbell, Pres., Anniston.
Avondale Mills, Donald Comer, 2nd V.- President, Birmingham.
Central Mills, Donald Comer, Birmingham.
Indian Head Mills of Ala., W. B. Pickard, Agent, Cordova.
Merrimack Manufacturing Co., Joseph J. Bradley, Agent, Huntsville.
Lowe Manufacturing Co., J. T. McGregor, Agent, Huntsville.
Barker Cotton Mills, J. A. Rountree, Gen'l Mgr. Mobile.
Opelika Cotton Mills, M. M. McCall, Pres. and Treas, Opelika.
Ozark Cotton Mill Co., H. O. Dowling, Treas., Ozark.
Pell City Mfg. Company, T. H. Rennie, Pres., Pell City.
Coosa Mfg. Company, Geo. P. Haslam, Treas., Piedmont.
Tallasse Mills, Howard Baetjer, Pres., Tallassee.

GEORGIA

Aragon Mills, Paul A. Redmond, Agent, Aragon.
Southern Mfg. Company, J. F. Tibbetts, Pres., Athens.
Exposition Cotton Mills, Allen F. Johnson, Pres., Atlanta.
Fulton Bag and Cotton Mills, Oscar Elsas, Pres., Atlanta.
Enterprise Mfg Company, S. A. Fortson, V.-Pres. and Treas, Augusta.
Sibley Mfg. Company, T. S. Raworth, Pres. and Treas., Augusta.
Canton Cotton Mills, R. T. Jones, Pres. and Treas, Canton.
Mandeville Mills, J. A. Mandeville, Treas., Carrollton.
Cedartown Cotton and Export Company, Charles Adamson, Pres.,
Cedartown.

Standard Cotton Mills, Wm. Parker, Pres., Cedartown.
Columbus Mfg. Company, Fred'k B. Gordon, Pres., Columbus.
Eagle and Phenix Mills, J. D. Massey, Vice-Pres., Columbus.
Meritas Mills, Columbus, Ga., J. T. Broadbent, Agt. and Mgr., New York.
Swift Mfg. Company, H. L. Williams, Pres., Columbus.
Harmony Grove Mills, L. G. Hardman, Pres., Sec.-Treas., Commerce.
Crown Cotton Mills, G. W. Hamilton, Pres., Dalton.
Georgia Cotton Mills, Clyde L. King, Pres., Griffin.
Griffin Mfg. Company, J. P. Nichols, Pres., Griffin.
Kincaid Mfg. Company, J. M. Brawner, Pres., Griffin.
Rushton Cotton Mills, M. J. Daniel, Sec., Griffin.
Hogansville Mfg. Co., A. R. Dickinson, Gen. Mgr., Hogansville.
Union Cotton Mills, W. A. Enloe, Jr., Sec. and Treas., Lafayette
Dixie Cotton Mills, R. C. Freeman, Pres., La Grange
Elm City Cotton Mills, Roy Dallis, Sec. and Mgr., La Grange.
Hillside Cotton Mills, S. Y. Austin, V.-Pres. and Gen. Mgr., La Grange.
La Grange Mills, A. R. Dickinson, Gen. Mgr., La Grange.
Unity Cotton Mills, C. V. Truitt, Pres. and Gen. Mgr., La Grange.
Valley Waste Mills, Cason J. Callaway, Mgr., La Grange.
Willingham Cotton Mills, B. L. Willingham, Sec. and Treas., Macon.
Bibb Manufacturing Co., Wm. D. Anderson, Macon.
Manchester Cotton Mills, M. M. Trotter, Jr., Sec. and Mgr., Manchester.
Milstead Mfg. Company, Thomas J. Callaway, Sec. and Mgr., Milstead.
Moultrie Cotton Mills, W. J. Vereen, V.-Pres. and Treas., Moultrie.
McIntosh Mills, B. T. Thompson, Pres., Newnan.
Pelham Mfg. Company, J. W. Parker, Treas., Pelham.
Richmond Hosiery Mills, Garnett Andrews, Pres., Rossville.
Scottdale Mills, Geo. B. Scott, Pres., Scottdale.
Thomaston Cotton Mills, R. E. Hightower, Pres., Thomaston.
Tifton Cotton Mills, H. H. Tift, Pres., Tifton
West Point Mfg. Co., Fairfax Mill, Lanett Cotton Mills, Langdale Mill,
Riverdale Cotton Mills, Shawmut Mill, Geo. H. Lanier, Vice-Pres.
and Gen. Mgr., West Point.

LOUISIANA

Alden Mills, A. W. McLellan, Pres., New Orleans.
Kohlmann Cotton Mill and Mfg. Co., A. K. Landau, Sec. and Treas.,
New Orleans.
Lane Cotton Mills, S. Odenheimer, Pres., New Orleans.
Maginnis Cotton Mills, W. Loeber Landau, Mgr., New Orleans.
The Orleans Mill Co., W. Loeber Landau, Pres., New Orleans.

MISSISSIPPI

Aponaug Mfg. Company, J. W. Sanders, Pres. and Treas., Kosciusko.
Laurel Cotton Mills, J. S. Pleasants, 2nd V.- Pres., Laurel.
Lauderdale Cotton Mills, J. W. Sanders, Sec. and Treas., Meridian.
Natchez Cotton Mills, J. W. Sanders, Pres., Natchez.
Stonewall Cotton Mills, T. L. Wainwright, Pres. and Treas., Stonewall.
Tupelo Cotton Mills, J. H. Ledyard, Pres. and Gen. Mgr., Tupelo.
The Cardinal Mills, C. E. Wilkins, Pres., West Point.
Yazoo Yarn Mills, Wm. Warmack, Pres. and Treas., Yazoo City.

NORTH CAROLINA

Asheville Cotton Mills, J. E. Hardin, Vice-Pres., Asheville.
Chronicle Mills, R. L. Stowe, Sec. and Treas., Belmont.
Climax Spinning Company, S. P. Stowe, Sec. and Treas., Belmont.
Imperial Yarn Mills, Inc., R. L. Stowe, Sec.-Treas., Belmont.
Majestic Mfg. Company, S. P. Stowe, Treasurer, Belmont.
National Yarn Mills, Inc., R. L. Stowe, Sec.-Treas., Belmont.
Francis Cotton Mills, Inc., D. D. Bruton, Sec.-Treas., Biscoe.
Huss Mfg. Co., A. A. McLean, Jr., Sec.-Treas. Bessemer City.
Osage Mfg. Co., E. E. Orrell, Agent, Bessemer City.
Brevard Cotton Mills, W. C. Cleveland, Pres. and Treas., Brevard.
Aurora Cotton Mills, Eugene Holt, Mgr., Burlington.
Gem Cotton Mills, Eugene Holt, Burlington.
E. M. Holt Plaid Mills, Lynn B. Williamson, Sec. and Treas., Burlington.
King Cotton Mills Corp., Robt. M. Jeffress, Sec. and Gen. Mgr., Burlington.
Jas. N. Williamson & Sons Co., Hopedale Mills, Ossipee Mills, Jas. N. Williamson, Jr., Pres. and Treas., Burlington.
Daisy Hosiery Mills, W. H. May, Sec.-Treas., Burlington.
Henrietta Mills, S. B. Tanner, Pres. and Treas., Caroleen.
Atherton Mills, Sterling Graydon, Pres., Charlotte.
Chadwick-Hoskins Co., Arthur J. Draper, Pres. and Treas., Charlotte.
Elizabeth Mills Co., C. B. Armstrong, Pres. and Treas., Charlotte.
Fidelity Mfg. Company. Geo. H. Brockenbrough, Jr., Sec. and Treas., Charlotte.
Highland Park Mfg. Co., C. W. Johnston, Pres., Charlotte.
Johnston Mfg. Company, R. H. Johnston, Gen. Mgr., Charlotte.
Mecklenburg Mfg. Co., Alex. Long, Pres. and Treas., Charlotte.
Cherryville Mfg. Company, D. A. Rudisill, Sec. and Treas., Cherryville.
Melville Mfg. Company, D. A. Rudisill, Sec. and Treas., Cherryville.
Cliffside Mills, Charles H. Haynes, Pres., Cliffside.
Norcott Cotton Mills Co., F. J. Haywood, Sec. and Treas., Concord.

Brown Manufacturing Co., F. J. Haywood, Sec. and Treas., Concord.
Brancord Mfg. Company, Chas. A. Mies, Treas., Concord.
Cabarrus Cotton Mills, J. W. Cannon, Concord.
Franklin Cotton Mills, J. W. Cannon, Concord.
Gibson Mfg. Company, E. C. Barnhardt, Vice-Pres., Concord.
Kerr Bleaching and Fin. Works, W. R. Odell, Treas., Concord.
Hartsell Mills Co., J. L. Hartsell, Sec.-Treas. and Gen. Mgr., Concord.
Erwin Cotton Mills, W. A. Erwin, Treas., Cooleemee.
Dorothy Mfg. Co., Coit M. Robinson, Sec.-Treas., Dallas.
Monarch Cotton Mill Co., C. B. Armstrong, Pres. and Treas., Dallas.
Moroweb Cotton Mill Co., J. O. White, Pres., Dallas.
Delburg Cotton Mills, J. P. Munroe, Pres., Davidson.
Linden Mfg. Company, J. P. Munroe, Pres., Davidson.
Erwin Cotton Mills No. 2, W. A. Erwin, Treas., Duke.
Durham Hosiery Mills, J. S. Carr, Jr., President, Durham.
Erwin Cotton Mills 1 and 4, W. A. Erwin, Treas., W. Durham.
Elizabeth City Cotton Mills, J. G. Gregory, Treas., Elizabeth City.
Holt-Williamson Mfg. Co., E. H. Williamson, Pres., Fayetteville.
Victory Mfg. Company, Robert Lassiter, V.-Pres. and Treas., Fayetteville.
Arlington Cotton Mills, L. F. Groves, Treas., Gastonia.
Armstrong Cotton Mills Co., C. B. Armstrong, Pres. and Treas., Gastonia.
Avon Mills, S. M. Robinson, Treas., Gastonia.
Clara Mfg. Co., C. B. Armstrong, Pres. and Treas., Gastonia.
Dunn Mfg. Co., C. B. Armstrong, Pres. and Treas., Gastonia.
Flint Mfg. Company, L. F. Groves, Treas., Gastonia.
Gray Mfg. Company, J. H. Separk, Sec. and Treas., Gastonia.
Groves Mills, Inc., L. F. Groves, Pres. and Treas., Gastonia.
Loray Mills, Stuart W. Cramer, Pres., Gastonia.
Modena Cotton Mills, J. O. White, Pres., Gastonia.
Mutual Cotton Mill Co., C. B. Armstrong, Pres. and Treas., Gastonia.
Osceola Mills, Inc., W. T. Rankin, Pres. and Treas., Gastonia.
Ozark Mills, S. M. Robinson, Sec. and Treas., Gastonia.
Parkdale Mills, Inc., J. H. Separk, Sec. and Treas., Gastonia.
Piedmont Spinning Mills Co., C. B. Armstrong, Pres., Gastonia.
Pinkney Mills, Inc., R. G. Rankin, Pres. and Treas., Gastonia.
Rex Spinning Co., J. H. Mayes, Pres., Gastonia.
Seminole Cotton Mills Co., C. B. Armstrong, Pres. and Treas., Gastonia.
Spencer Mountain Mills, W. T. Love, Treas., Gastonia.
Trenton Cotton Mills, J. K. Dixon, Pres. and Treas., Gastonia.
Minneola Mfg. Co., J. R. Young, Sec. and Treas., Gibsonville.
Borden Mfg. Company, P. L. Borden, Sec. and Treas., Goldsboro.
L. Banks Holt Mfg. Co., Lynn B. Williamson, Sec. and Treas., Graham.

Pomona Mills, Inc., T. A. Hunter, Treas., Greensboro.
Proximity Mfg. Co., White Oak Mills, Proximity Mills, Bernard M. Cone, Pres., Greensboro.
Harriet Cotton Mills, D. Y. Cooper, Pres., Henderson.
Henderson Cotton Mills, D. Y. Cooper, Pres., Henderson.
Ivey Cotton Mill Co., A. A. Shuford, Jr., Treas., Hickory.
Hickory Spinning Co., H. J. Holbrook, Treas., Hickory.
Highland Cotton Mills, J. E. Millis, Treas., High Point.
High Shoals Company, J. S. Wier, Secretary, High Shoals.
Hudson Cotton Mfg. Co., J. L. Nelson, Sec. and Treas., Hudson.
Oakdale Cotton Mills, Wm. G. Ragsdale, Treas., Jamestown.
Cannon Mfg. Company, J. W. Cannon, Kannapolis.
Dilling Cotton Mills, A. G. Myers, W. T. Love, Kings Mountain.
Kinston Cotton Mills, J. F. Taylor, Pres. and Treas., Kinston.
Dickson Cotton Mills, Geo. F. Avinger, Sec. and Treas., Laurinburg.
Scotland Cotton Mill, Geo. F. Avinger, Sec. and Treas., Laurinburg.
Waverly Cotton Mill Co., A. M. Fairley, Supt., Laurinburg.
Lenoir Cotton Mill, J. L. Nelson, Sec. and Treas., Lenoir.
Moore Cotton Mill Co., J. L. Nelson, Sec. and Treas., Lenoir.
Erlanger Cotton Mills Co., G. W. Montcastle, Treas., Lexington.
Wennonah Cotton Mill Co., J. V. Moffitt, Sec. and Treas., Lexington.
Elm Grove Cotton Mills, R. S. Reinhardt, Pres. and Treas., Lincolnton.
Long Shoals Cotton Mills, D. H. Mauney, Gen. Mgr., Long Shoals.
Lowell Cotton Mills, S. M. Robinson, Sec. and Treas., Lowell.
Peerless Mfg. Co., S. M. Robinson, Sec. and Treas., Lowell.
Dresden Cotton Mills, H. B. Jennings, Treas., Lumberton.
Lumberton Cotton Mills, Inc., H. B. Jennings, Treas., Lumberton.
Jennings Cotton Mills, Inc., H. B. Jennings, Pres. and Treas., Lumberton.
Mays Mill, Inc., Stuart W. Cramer, Pres., Mayworth.
The Mayo Mills, W. C. Ruffin, Treas., Mayodan.
McAden Mills, R. R. Ray, Treas., McAdenville.
Adrian Mfg. Company, C. E. Hutchinson, Pres. and Treas., Mt. Holly.
Nims Mfg. Company, C. E. Hutchinson, Pres. and Treas., Mt. Holly.
Woodlawn Mfg. Company, C. E. Hutchinson, Pres. and Treas., Mt. Holly.
Tuscorora Cotton Mill, Mt. Pleasant.
Oxford Cotton Mills, R. H. Lewis, Jr., Sec.-Treas., Oxford.
Caraleigh Mills Co., Raleigh.
Pilot Cotton Mills Co., Wm. H. Williamson, Pres. and Treas., Raleigh.
Raleigh Cotton Mills, Alf. A. Thompson, Pres. and Treas., Raleigh.
Melrose Knitting Mill Co., F. F. Ward, Pres., Raleigh.
Deep River Mills, Inc., R. P. Deal, Mgr., Randleman.
Roanoke Mills Co., S. F. Patterson, Treas. and Gen. Mgr., Roanoke Rapids.

Rosemary Mfg. Company, Jno. L. Patterson, Vice-Pres. and Mgr.,
Roanoke Rapids.

Entwistle Mfg. Company, Wm. Entwistle, Pres., Rockingham.

Pee Dee Mfg. Company, Geo. P. Entwistle, Sec. and Treas., Rocking-
ham.

Roberdel Mfg. Company, T. C. Leak, Pres. and Treas., Rockingham.

Rocky Mount Mills, Thomas H. Battle, Treas., Rocky Mount.

Edna Cotton Mills, J. B. Pipkin, Sec. and Treas., Reidsville.

Roxboro Cotton Mills, J. A. Long, Pres., Roxboro.

The Cleghorn Mills, K. S. Tanner, Treas., Rutherfordton.

Kesler Mfg. Co., Salisbury.

Salisbury Cotton Mills, C. S. Morris, Agent, Salisbury.

Ella Mfg. Company, J. R. Dover, Sec. and Treas., Shelby.

Ivanhoe Mfg. Company, F. K. Broadhurst, Treas., Smithfield.

Carolina Cotton and Woolen Mills, Geo. W. Fraker, Pres., Spray.

Leaksville Woolen Mills, J. H. Taliaferro, Pres., Spray.

Virginia Cotton Mills, A. L. Baker, Pres., Swepsonville.

Amazon Cotton Mills, C. G. Hill, Sec. and Treas., Thomasville.

Green River Mfg. Company, J. O. Bell, Treas., Tuxedo.

Valdese Mfg. Company, J. L. Garrou, Treas., Valdese

Royall Cotton Mills, R. E. Royall, Treas., Wake Forest.

Shaw Cotton Mills, W. T. Shaw, Pres. and Gen. Mgr., Weldon.

Whitnel Cotton Mill Co., J. L. Nelson, Sec. and Treas., Whitnel.

Bellwill Cotton Mills, J. W. Williamson, V.-Pres., Wilmington.

Arista Mills Co., A. H. Bahnson, Pres. and Treas., Winston-Salem.

P. H. Hanes Knitting Co., P. H. Hanes, Jr., V.Pres. and Treas.,
Winston-Salem.

Maline Mills, W. L. Siewers, Pres. and Treas., Winston-Salem.

Harden Mfg. Company, O. D. Carpenter, Pres., Treas. and Mgr.,
Worth.

SOUTH CAROLINA

Abbeville Cotton Mills, J. F. Barnwell, Treas., Abbeville.

Anderson Cotton Mills, Jas. D. Hammett, Pres. and Treas., Anderson.

Brogan Mills, Jas. P. Gossett, Pres. and Treas., Anderson.

Equinox Mill, Robert E. Ligon, Mgr., Anderson.

Gluck Mills, Robert E. Ligon, Gen. Mgr., Anderson.

Orr Cotton Mills, Jas. D. Hammett, Pres. and Treas., Anderson.

Riverside Mfg. Co., B. B. Gossett, Pres. and Treas., Anderson.

Toxaway Mills, B. B. Gossett, Pres. and Treas., Anderson.

Pendleton Mfg. Company, B. M. Aull, Manager, Autun.

Bamberg Cotton Mills Co., John H. Cope, Pres. and Treas., Bamberg.

The Aiken Mills, Geo. E. Spofford, Vice-Pres., Bath.

Belton Mills, Ellison A. Smyth, Pres., Belton.

Broadriver Mills, Dr. W. C. Hamrick, Pres. and Treas., Blacksburg.

Calhoun Mills, Jas. P. Gossett, Pres. and Treas., Calhoun Falls.

Wateree Mills, A. R. Dickinson, Gen. Mgr., Camden.
Norris Cotton Mills Co., T. M. Norris, Pres. and Treas., Cateechee.
Issaqueena Mfg. Co., W. L. Gassaway, Pres., Central.
Royal Mills, H. A. Maas, Treas., Charleston.
Baldwin Cotton Mills, Alex Long, Pres. and Treas., Chester.
Cherokee Falls Mfg. Co., R. P. Roberts, Treas., Cherokee Falls.
The Seminole Mills, Geo. E. Spofford, Vice-Pres., Clearwater.
Clifton Mfg. Company, J. C. Evins, Pres. and Treas., Clifton.
Lydia Cotton Mills, Cassius M. Bailey, Sec. and Treas., Clinton.
Pacific Mills, Hampton Mills Dept., Irving Southworth, Agent, Columbia.
Alice Mills, J. M. Geer, Pres. and Treas., Easley.
Easley Cotton Mills, J. M. Geer, Pres. and Treas., Easley.
Glenwood Cotton Mills, W. M. Hagood, Pres. and Treas., Easley.
Addison Mills, A. R. Dickinson, Gen. Mgr., Edgefield.
Fairmont Mfg. Co., G. W. Grier, Sec., Fairmont.
Cohannet Mills, B. M. Aull, Gen. Mgr.
Limestone Mills, W. C. Hamrick, Jr., Asst., Treas., Gaffney.
Hamrick Mills, W. C. Hamrick, Pres. and Treas., Gaffney.
D. E. Converse Co., W. E. Lindsay, Pres. and Treas., Glendale.
Banna Mfg. Co., Geo. M. Wright, Pres., Goldville.
Republic Cotton Mills, Robert S. Mebane, Pres., Great Falls.
American Spinning Company, J. H. Morgan, Pres. and Treas., Greenville.
Brandon Mills, Aug. W. Smith, Pres. and Treas., Greenville.
Camperdown Mills, Allen J. Graham, Treas., Greenville.
Conestee Mills, Thomas I. Charles, Pres. and Treas., Greenville.
Dunean Mills, J. Adger Smyth, Jr., Pres., Greenville.
Judson Mills, B. E. Geer, Pres. and Treas., Greenville.
F. W. Poe Mfg. Co., F. W. Poe, Pres. and Treas., Greenville.
Poinsett Mills, Aug. W. Smith, Pres. and Treas., Greenville.
Union Bleaching and Finishing Co., John W. Arrington, Pres., Greenville.
Victor Monaghan Mills, W. E. Beattie, Treas., Greenville.
Woodside Cotton Mills, John T. Woodside, Pres., Greenville.
Chiquola Mfg. Co., Jas. D. Hammett, Pres. and Treas., Honea Path.
Inman Mills, J. A. Chapman, Pres. and Treas., Inman.
Langley Mills, Geo. E. Spofford, Vice-Pres., Langley.
Panola Cotton Mills, S. H. McGee, Pres. and Treas., Greenwood.
Grendel Mills, A. F. McKissick, Pres. and Treas., Greenwood.
Laurens Cotton Mills, W. S. Montgomery, Treas., Laurens.
Watts Mills, Harold C. Smith, Agent, Laurens.
Lockhart Mills, J. Roy Fant, Asst. Treas., Lockhart.
Marlboro Cotton Mills, Claude Gore, Treas., McColl.

Mollohon Mfg. Company, Geo. W. Summer, Pres. and Treas., Newberry.
Newberry Cotton Mills, Z. F. Wright, Pres. and Treas., Newberry.
Pelzer Mfg. Co., Ellison A. Smyth, Pres., Pelzer.
Pickens Mills, W. M. Hagood, Pres. and Treas., Pickens.
Piedmont Mfg. Co., W. E. Beattie, Pres. and Treas., Piedmont.
Victoria Cotton Mills, J. F. Bell, Sec. and Treas., Rock Hill.
Aragon Cotton Mills, Alex. Long, Pres. and Treas., Rock Hill.
Arcade Cotton Mills, Alex. Long, Pres. and Treas., Rock Hill.
Hamilton-Carhartt Cotton Mills, W. G. Henderson, Gen. Mgr., Rock Hill.
Wymojo Yarn Mills, C. B. Armstrong, Pres. and Treas., Rock Hill.
Manchester Cotton Mills, J. R. Barron, Pres., Rock Hill.
Arkwright Mills, R. Z. Cates, Pres. and Treas., Spartanburg.
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PROGRAM
OF THE
Twenty-Second Annual Convention

IN JOINT SESSION WITH

**The National Association
of Cotton Manufacturers**



BILTMORE HOTEL
NEW YORK
MAY 1, 2 and 3, 1918

PROGRAM

WEDNESDAY, MAY 1

8:00 P. M.

Convention called to Order.

President's Annual Address.

Report of Secretary-Treasurer.

Appointment of Committees:

(a) Nominations.

(b) Resolutions.

Announcements.

9:00 P. M.

Smoker.

THURSDAY, MAY 2

9:00 A. M.—Paper, by Arno S. Pearse, Manchester, England, on "Aims and Objects of the International Federation of Master Cotton Spinners' and Manufacturers' Association," to be read by Daniel J. Danker, of Boston.

10:00 A. M. Joint Session. Group Discussion—Topic: "America's Place in World Trade." Chairman D. Y. Cooper, Henderson, N. C., former president American Cotton Manufacturers Association, and Chairman Committee on Exports and Imports, National Council of American Cotton Manufacturers.

Addresses by:

Dr. Frank W. Taussig, Chairman of the United States Tariff Commission: "Our Fight for Foreign Trade After the War";

Gilbert H. Montague, of New York: "Co-operation under the Webb Bill";

George A. O'Reilly, New York: "Providing Credit Facilities for our Foreign Trade";

Ernest B. Filsinger, New York: "Our Stake in Latin America";

Frederick A. Halsey, New York: "The Metric System in Export Trade."

Daniel E. Douty, New York: "Our Trade with the Orient."

These addresses will be followed by an open forum, in which those participating will be limited to five-minute talks. Among those who will take part in the forum will be Dr. Edward E. Pratt, former Chief of the Bureau of Foreign and Domestic Commerce of the Department of Commerce; and Ralph M. Odell, Manager of the Foreign Trade Department of Amory, Browne & Co.

AFTERNOON SESSION

2:00 P. M. Joint Session. Group discussion on "Labor Problems." Chairman Albert Farwell Bemis, President of the National Association of Cotton Manufacturers. Mr. Magnus W. Alexander, Managing Director of the National Industrial Conference Board, and Consulting Engineer of the General Electric Company, is preparing the program for this discussion, which will inform the members of both Associations as to important phases of the labor problem in general, and under war conditions in particular. Mr. Alexander will present a symposium on the subject, introducing it by charting on the blackboard the vital features of the problem and their relation to each other. Following this, members of Mr. Alexander's staff and other experts will give short talks on each of the important points.

The session will close with a general discussion of the whole subject.

4:30 P. M. Meeting Board of Governors, American Cotton Manufacturers Association.

7:00 P. M. Annual Banquet under auspices of National Council of American Cotton Manufacturers. Chairman Stuart W. Cramer, toastmaster. Honor guest, Hon. Josephus Daniels, Secretary of the Navy, Washington, D. C.

FRIDAY, MAY 3

10:00 A. M.—Group Discussion on "War Problems in Industry." Chairman Fuller E. Callaway, of La Grange, Ga., President of the American Cotton Manufacturers Association. Addresses by:

Benjamin F. Harris, of Champaign, Ill.: "The Business Man and the Problems of Today and Tomorrow";

Charles H. Sabin, President of the Guaranty Trust Company, New York: "Adjusting Industry to the Strain of War Finance";

William Butterworth, of Moline, Ill.: "Co-ordinating our Industries for War Work";

Arthur R. Marsh, of New York: "Quantity Production of Essentials—The Nation's First Duty";

Walter M. Kidder, of New York: "Fuel Conservation in War Time."

These addresses will be followed by a general discussion.

AFTERNOON SESSION

2:00 P. M.—Joint Session. Group discussion on "Research as an Aid to Industrial Efficiency." Chairman Edwin Farnham Greene, Chairman of the National Council of American Cotton Manufacturers.

Addresses by:

Dr. George E. Hale, Washington, D. C., who will deal with the work of the National Research Council, of which he is Chairman.

Dr. Charles L. Reese, Chemical Director of E. I. du Pont de Nemours & Co., of Wilmington, Del.;

Dr. Edward R. Weidlein, Associate Director of the Mellon Institute, at Pittsburg;

Dr. C. E. K. Mees, of Rochester, N. Y.: "Organization of a Research Laboratory."

These papers will be followed by a general discussion.

4:00 P. M.—Business Session, American Cotton Manufacturers Association, President Callaway presiding.

Reports of Committees:

Foreign Trade.

Membership.

Legislation—National Council of American Cotton Manufacturers.

Traffic—National Industrial Conference Board.

Resolutions.

Nominations.

Election of officers.

New business.

Adjournment.

5:00 P. M.—Reception to wives and daughters of members and guests, with music, appropriate entertainment, and refreshments.

7:00 P. M. Annual Meeting National Council of American Cotton Manufacturers.

The Convention Committee of the American Cotton Manufacturers Association is made up as follows:

J. T. Broadbent, New York, Chairman; C. B. Bryant, Charlotte; Ridley Watts, New York; William Baldwin, New York; R. M. Miller, Jr., Charlotte; T. H. Rennie, Pell City, Ala.; Capt. Ellison A. Smyth, Greenville, S. C.; W. E. Beattie, Greenville, S. C.; John A. Law, Spartanburg, S. C.; Harry L. Williams, Columbus, Ga.; Allen F. Johnson, Atlanta; Paul K. McKenney, Texas; A. W. McLellan, New Orleans; Jo. B. Morgan, Nashville; M. R. Reeves, New York; Gerish Milliken, New York; T. Holt Haywood, New York; B. H. Bristow Draper, Hopedale; Malcom D. Whitman, New York; and Robert Amory, Boston.

RULES TO GOVERN THE CONVENTION

1. The deliberations of this body will be governed by the Manual of Rules used by the United States Senate.
2. Members addressing the chair will please announce their name and State to which they belong in order to receive proper recognition.
3. Remarks by members on the floor shall be limited to ten minutes, and additional time shall be granted by consent of the Convention. Under no circumstances shall an extension beyond thirty minutes be granted except by unanimous consent of the Convention.
4. No member shall be permitted to speak twice on the same subject except by consent of the Convention.
5. All resolutions to the Convention shall be presented in duplicate, signed by the proponent and handed to the Secretary, to be by him referred to the President without reading or debate.
6. Each active member shall be entitled to vote or speak on any matter presented before the Convention.
7. Discussion of any subject may be terminated at any time by vote of the Convention.

Twenty-Second Annual Convention
OF THE
American Cotton Manufacturers
Association

HELD AT
New York, May 1, 2 and 3, 1918
BILTMORE HOTEL

FIRST DAY

**BUSINESS MEETING, FOUNTAIN ROOM, BILTMORE HOTEL,
WEDNESDAY EVENING, MAY 1, 1918**

The Twenty-Second Annual Convention of the American Cotton Manufacturers Association was called to order at 8:30 o'clock, p. m., by the President, Fuller E. Callaway of La-Grange, Ga., in the Fountain Room of the Biltmore Hotel. The hall was crowded.

THE PRESIDENT: We will now begin. It gives me great pleasure to see so many of our Southern manufacturers and their friends present here this evening. We have had many conventions but I believe this one is going to eclipse all others in attendance and interest. I note a few empty chairs here at the front and quite a company gathered about the door. Will everybody please come to the front. A five dollar fine will be levied against everyone leaving a vacant seat in front of him, and the money will be given to the Red Cross.

This statement was followed by a gathering at the front of the room, all the chairs being taken.

PRESIDENT CALLAWAY'S ADDRESS

THE PRESIDENT: Gentlemen:

I am glad that so many of you have responded to this call to the Twenty-second Annual Convention of your Association, and I trust that this gathering of the leading spirits of our industry—this time in

a joint session which brings together representatives from all sections of our country—may prove unusually beneficial and enjoyable. The fact that the two associations are meeting together reflects a recognition of the need of the hour in the common danger which confronts our country; we need as never before to get together, to co-ordinate and pool our minds, our energies and our hearts toward meeting the needs of the situation.

Having been honored with the Presidency of the Association the past year, I deem it appropriate to sound the keynote of our spirit and purposes. I wish that this mission might have been entrusted to more competent hands, for I am a mighty poor speaker, as you will discover before I get through. So I am not going to try to make a speech; I am just going to talk to you as man to man, and as brothers and fellows in a common cause, and that cause the one upon which our highest hopes and endeavors must be centered, since everything we hold dear is involved in the outcome of the mighty conflict now raging in Europe.

OUR FIRST TASK

That we must finish this thing which the German war lords have started is apparent to all who have given any thought to the matter, I am sure. That it must be settled right, is the determination of every true American, I am equally sure. How, then, may the cotton manufacturing industry most effectively do its part for the national defense, becomes the subject in which we are most interested.

In making a few suggestions along this line I want to be careful to avoid anything bordering upon that form of exploitation or self-delusion which is all too common in our country these days, I am sorry to say. It has been aptly termed "parioteering," Some of the instances which are coming to our notice would be ludicrous if they were not so tragically futile. Selfish interests, intent only upon preserving their particular businesses, are pandering to our natural love of ease and luxury by advancing the wildest sort of panaceas for winning the war. A few days ago I saw a catalog from one of the great department stores of this city, which they had labeled as a "win-the-war" number, and we are being told to commit this extravagance and that with the insidious argument that in some way it will help to win the war. Against this we have the solemn declaration of our great President that, for the time being, all interests, energies and resources must be centered upon this supreme effort, and the exhortation of Mr. McAdoo that we must get down to a basis of half-soled shoes and trousers.

As I see it, the time has come for casting aside all poses and pretenses. It is not a matter of patriotism at all, but one of self-preservation. We have got to do our level best if we would save our loved ones from violation and our fair land from the horrors which have been visited upon Belgium, Serbia, Roumania and Northern France. It is in this spirit, therefore, that I submit a few suggestions:

HELP, NOT HINDER

First of all, I would say that each unit of our industry must practice the virtue of self-reliance, anticipating and meeting its problems as far as possible, without burdening the Government as to finances, labor or fuel supply, or in any other way. Instead of asking help we must be prepared to give it. The Government has more than it can do with the primary problems of placing men on the firing line and getting equipment and supplies to them. It is up to us, therefore, to fill the gaps made in our labor forces through the operations of the draft and the call for skilled workers on ships and other things most vitally needed; to anticipate our needs as to fuel and other supplies, and to be ready at all times to turn our plants to the production of goods needed by the Government.

Of course labor supply is the factor of prime importance. It is remarkable how much can be done in this direction through the application of ingenuity and earnest effort. We must call into effective action hitherto untouched sources of labor. We must contrive to draw in many of our older men and our single women to take the places of those who have gone to the front. There are a great many departments in the mills which can be operated entirely with colored help, supervised by white overseers possessing the needed tact and patience. If handled in the right manner this can be accomplished without conflict between the races, and will make effective an entirely new and hitherto unused labor supply.

Since conditions are against the building of new mill units, we must put on night shifts, making, in effect, two blades of grass grow where one grew before insofar as our industry is concerned.

LABOR

A factor of great importance in the handling of labor is to keep the workers and their families contented. This means not only paying good wages, but maintaining the best living conditions possible. "Welfare work," it is most commonly called, but from my own experience I hold that those who do anything along these lines are merely showing an enlightened self-interest. The interests of the company and its workers are inter-dependent, and that mill which does most toward making living conditions pleasant, toward holding a stable supply of contented labor, is the one which is most likely to prosper. Changes in the working forces are costly, as we all know, and it is good business to strive to avoid such changes.

Among our mills we began working along these lines years ago. Our first move was the establishment of a Mission, which includes a Hospital-Infirmery, with a staff of visiting nurses, and a Kindergarten. From this beginning we have branched out into various lines, until now we are maintaining several branches of the kindergarten and one

of the best graded public schools in the county. We have under construction now a \$50,000 Y. M. C. A. Community Building, and will begin work soon on a large addition to the hospital.

A park has been provided, and about eighteen months ago we organized what we called the "Southwest LaGrange Improvement Association," this being a department devoted especially to village and home improvement work. Thousands of fruit and nut-bearing trees, grape vines and roses have been planted in the yards, and a fine beginning has been made toward the planting of hedges throughout the communities. The practical problems of food supply are being met by especial co-operation toward the making of home gardens, more than a thousand gardens having been planted this year. At each of our mills there has been set aside a large tract of ground over which the Skinner system of irrigation was installed. Small garden plots were laid off and the boys and girls organized into garden clubs. These have shown highly gratifying results.

In connection with the work of this Improvement Association, we have built two greenhouses. At first thought one might be inclined to wonder if this were not carrying things too far, but these greenhouses have been among the most successful features we have provided. They enable the starting of early vegetable plants for the gardens and also provide free storage for ferns and other ornamental potted plants belonging to the families of the operatives.

Last year we started a laundry, and this too has proved a great success.

WELFARE WORK

About two years ago we embarked upon what seemed then the wildest sort of experiment. This was the provision of a home for girl and women workers. A large, substantial frame building somewhat on the order of a school dormitory was built and equipped with all modern conveniences, including good plumbing, steam heat, electricity and screens. The furnishings and equipment are of good quality, the aim being to go further than a mere boarding house, but to provide a real home. This building, which we call "The Martha Washington Inn," is operated by the mill company. A capable, experienced and Christian matron was employed and her management of the home has been most successful. We have the satisfaction of knowing that we are not only providing the mill with a good class of dependable women workers, but that these young women are being helped toward attaining health, culture, refinement and independence as well. I would commend to you especially this idea of building such homes in every one of your communities, and will be pleased to give any further information on this subject to any who may be interested.

An important part of all work of this nature is to make sure that it is organized and carried out as efficiently as are the direct business



operations; without system and organization, not only will failure ensue, wasting money, but such failure will re-act unfavorably upon those whom it is intended to reach. For this reason, each branch or department of work should be placed under a responsible head, all of the branches co-ordinating, of course, but having the head of each branch or division definitely charged with the responsibility for his particular part.

SCHOOLS

The educational side is under charge of a capable staff of seventeen teachers. All of these teachers live in the mill community in a comfortable home provided for this purpose, and, consecrated as they are to their work, they are on duty practically all the time. They go much farther than do the conventional schools, having provided attractive playgrounds to promote physical development, and having a large auditorium in which moving pictures as well as a great many other wholesome forms of entertainment are provided. Through the children they get in much good work with the parents.

The Y. M. C. A. Community Building is to be operated under auspices of the Industrial Department of the Y. M. C. A. The Secretary has already taken up his work, and is accomplishing a great deal. The building is not strictly for men and boys, but is intended to be a community building, there being a wing devoted to women and girls, who, at specified periods, will have the use of the large gymnasium.

I want to emphasize that all work of this nature must be in addition to paying good wages. The employer who attempts to hold his workers with smaller wages in consideration of improvements or advantages in his mill village will certainly fail. Our mills have even gone further and incorporated profit-sharing. I will not burden you with the details, but every worker in our employ last December 20th, received substantial bonuses from sums set aside by our Directors for profit sharing, the amount to each worker being based upon the proportion of his or her earnings to the total sum distributed.

ENTICING LABOR DEPLORED

There is one other point that I would like to stress in connection with this matter of handling the labor situation; this is, that we should stop the practice of enticing labor away from each other. This has gotten so bad that some families stay on the road about one-third of the time. It is an economic waste, hurtful alike to the worker and to the industry. We should each work toward keeping contented and making more efficient the workers which we have, and develop the additional supplies needed from our immediate neighborhoods respectively.

Mr. Adams, our capable Secretary, will inform you in his report as to the growth which has been accomplished by our Association, and as



to the state of our treasury. I want to say that this excellent showing is due largely to the interest, enthusiasm and energy with which Mr. Adams has performed his labors. Much credit also is due to the several officers and members of committees, who have never failed to respond to calls made upon them.

In closing the year's work I want to express my deep appreciation of the many kindnesses and courtesies which have been showered upon me. (Great applause.)

THE PRESIDENT: We will now hear from our Secretary, Mr. Adams.

MR. ADAMS:

Gentlemen:

It is a most difficult task to convey to you in the necessarily brief space of a written report a summary of the activities of your association during the past year. The year just closed has been such an eventful one—so crowded with events of profound significance to our country generally and to the textile trade specifically—that any report here submitted will have to touch only the more important and salient points.

At the outset, allow me to advise (although such is hardly necessary) that your association has been vouchsafed the opportunity of giving valued and valuable patriotic service to our country—a service your association was in a position to perform and one to which it gladly addressed itself with untiring zeal. This should be a source of gratification to all, so much so that I am giving first place in this report to mere mention of it, with a more detailed reference later. Great national problems of universal concern to our industry have been handled and when it is considered that during the past year a vital reorganization and enlargement of your association has been effected, some conception of the amount of work disposed of may be approximated.

As for these activities, they naturally divide themselves into two classes.

First—National problems or rather problems growing out of the war, such as co-operation in practical manner with the government in procurement of supplies for the army and navy, and then specific problems, such as tax legislation, rulings from the Treasury Department, transportation, labor, price fixing, and also the hundred and one other details that have arisen therefrom, and

Second—Associational enterprises, chief among which has been the reorganization and enlargement of the association and the promotion of various causes in which our mills themselves had substantial specific direct interest.

At the outset, gentlemen, and as bearing fundamentally on the major scope of activity of your reorganized association, permit me to direct

your particular attention to what I consider is and should be the primary value of your enlarged organization. I refer to the facilities provided whereby industry may express itself in an adequate and efficient manner on all problems arising affecting its welfare. Our American association, having established close contact and cordial relations with the seat of government in Washington, has enlisted the hearty co-operation of the several State organizations and is now acting as a clearing house whereby the full influence of the entire industry may be assembled, co-ordinated, focused and applied where it will achieve the greatest good. Vital problems have already arisen—are constantly appearing—and no one knows what the future has in store. The best judgment is that the close of hostilities and the resultant after-the-war conditions will create even more pressing questions such as will have a most direct bearing on the textile industry. How essential it is therefore that your organization be strengthened and made more completely the medium whereby the industry may find adequate expression, can not be overestimated.

TAX LEGISLATION

I need not enter into a detailed discussion as to what your association was able to achieve as a result of its efforts to obtain a more equitable federal income and excess profits tax law last spring and summer. All that I need say is that it was in large measure due to the work of your organization that the base of the levy was changed and that, instead of the corporation's pre-war earnings during an exceedingly unfortunate period being taken as the basis of the tax, the levy was made in terms of invested capital, a corporation's pre-war earnings being used simply as a basis for deduction. The tax on undistributed surplus was practically eliminated and other modifications made that resulted in substantial betterments. And with all this work, gentlemen, covering a period of six months activity, your association held the sympathetic interest and cordial esteem of the administration, as strikingly attested subsequently when the chairman of your legislation committee was selected to act on a small board appointed for the purpose of advising with the Treasury Department as to the interpretation and construction of the many puzzling features of the law. Added to the achievement in question, this proof of approval at the hands of those in authority augurs much for the future. And when it is considered that three of this committee have been continued and entrusted with larger powers and responsibilities, a little idea of the worth of this tax service in Washington may be glimpsed.

PATRIOTIC SERVICE

Of course your association gave to the government every assistance possible in promoting the sale of Liberty bonds, issuing letters to all



members and to all mills generally, urging them, as a patriotic duty, to subscribe liberally to these bonds. The measure of response on behalf of the industry has been exceedingly gratifying. Co-operation with the government in securing supplies for the army and navy has been handled largely through the National Council of American Cotton Manufacturers, in the work of which your association has been so heavily interested.

The activities of the National Council will be reported to you in proper time and form, but I am going to mention two phases of service recently undertaken.

Recently a war service committee has been formed by it, of which your secretary is secretary, for the purpose of considering and acting on all such questions arising, as for instance, the proper allocation of government war orders to obtain a proper division, thus fairly distributing this patriotic service; questions of priority or preference in transportation, supplies, etc., to mills on war work in keeping with similar arrangements applying to other industries, etc. Your association, gentlemen, is seeking to place at the disposal of the proper authorities in Washington every facility that will aid in winning the war—in keeping with the patriotic resolution adopted at our Washington convention last year.

Space does not allow me to dwell upon the various other questions considered.

PRICE FIXING

The great problem of price fixing is now being vigorously handled by your association, in conjunction with the National association, through our National Council, a very important conference being held in Washington on April 10th with the price fixing committee of the war industries board. Out of this conference has grown the war production committee of the National Council, of which Mr. Gerrish Milliken of New York is chairman, and Mr. Arthur J. Draper of Charlotte is vice-chairman, whose purpose is to co-operate to the limit with the government in the acceleration of production and a possible stabilizing of prices, should a complete and thorough investigation demonstrate that such is needed. The other members of this committee from the South are: Messrs. Howard Baetjer from Maryland; H. R. Fitzgerald from Virginia; J. W. Cannon, D. Y. Cooper, Stuart W. Cramer, Julius W. Cone, and George W. Fraker from North Carolina; Victor M. Montgomery, J. D. Hammett, Capt. Ellison A. Smyth from South Carolina; Allen F. Johnson and W. D. Anderson from Georgia; George H. Lanier and B. B. Comer from Alabama; and J. H. Ledyard from Mississippi.

Other problems might be touched upon but I must hasten. In all its work, gentlemen, your association has been mindful of the importance

of preventive as well as corrective action. For this reason, the preventive is emphasized and such a policy will be continued. With a permanent office and a closer organization, keeping close in touch with the situation at all times, this sphere of activity should be constantly enlarged.

REORGANIZATION

As for our reorganization, it gives me pleasure to advise that substantial progress has been achieved along the lines mapped out at your Washington convention last May. As you will recall, the entire basis of membership was changed, with the mills being active members, such membership, however, being exercised by some designated official. The dues were put upon a spindleage basis, in lieu of the flat rate formerly existing. Associate membership was made individual but the dues were doubled.

Of course the great problem to be overcome was that of getting manufacturers to enroll all of their mills instead of putting in just one or maybe two. The changed basis required much explanation and the fact that the mills were so scattered complicated the task.

But I am gratified to state that a splendid spirit of harmony existed on the part of the manufacturers and almost without exception they enrolled their mills, putting in all of their spindles.

Today there are approximately 400 separate corporations registered in our active membership representing something like 500 individual plants, with an aggregate spindleage of between 8,500,000 and 9,000,000 spindles. These mills paid into our treasury during the past year, on the basis of \$1.00 per thousand for spinning mills and \$1.50 for weaving mills, a total of \$13,538.06.

A total of 233 associate members were enrolled during the same period, who paid in dues a total of \$4,660.

There were also 31 associate corporate members received who paid into the treasury of your association \$2,000. Incidental revenue was \$916.03, making a total income from all sources collected during the year \$21,014.09. The financial report shows that expenses of all kinds during the year aggregated \$13,987.06, which includes held-over accounts from the previous year, extra legal expenses, contributions to the National Council, etc. This leaves a net balance carried forward of \$7,027.03.

This record of one year's work is gratifying because there are today almost a million and a half more spindles in our association than ever before with a corresponding gain in associate membership.

These results are largely due to the excellent work of the members of our Board of Governors who have co-operated to the limit with your secretary, and the able assistance of our membership committee of which Mr. Alex Long of Rock Hill, S. C., is chairman.

SPECIAL SERVICE

In addition to effecting a reorganization of your association, permanent headquarters and executive offices have been continuously maintained in Charlotte, where your secretary has spent all of his time, except when out among the mills traveling or attending important work elsewhere. Innumerable letters of inquiry on various subjects have been answered and other services rendered which I believe have been appreciated by our members. This service has taken the direction of co-operating with member mills in handling shipments to points covered by embargoes, obtaining special licenses, advising with mills as to their federal taxes and scores of other items. For the two months prior to April 1st an average of thirty letters a day were received dealing with tax problems. All of these were answered or referred to the proper sources whence complete information might be secured.

A number of publications were issued during the past year, including two Tax Legislative Bulletins which were distributed generally throughout the industry, Liberty loan letters, circulars dealing with timely topics, such as the coal crisis of the past winter, labor legislation, the Garfield closing order, federal tax returns, etc. In addition, various periodicals of timely and practical interest were distributed to member mills and other minor services rendered, the full particulars of which are carried in the files of your association.

FINANCIAL

INCOME

Active Membership Dues.....	\$13,538.06
Associate Corporate	2,000.00
Associate	4,660.00
Incidental	916.03
Total Revenue	\$21,014.09

EXPENSE

Secretary-Treasurer, salary	\$ 3,300.00
Stenographer	701.10
Last year's expense, paid from this year's revenue.....	1,693.37
Office rent, supplies, postage.....	586.00
Telephone, telegraph, tolls	106.57
Printing, stationery, including two legislative bulletins....	744.50
Office fixtures (permanent)	92.10
Board of Governors Expense.....	107.47
Membership Campaign	377.42
General Current Expense	758.53
Special Budget Expense, including payments to National Council, Legal Services, Textile Bureau.....	5,325.00
Total Expense	\$13,987.06
Balance on hand on deposit, April 23, 1918.....	7,027.03

THE PRESIDENT: We will now appoint the committees:

THE COMMITTEE ON NOMINATIONS:

W. E. BEATTIE, of South Carolina, Chairman

S. W. CRAMER, of North Carolina

J. A. MANDEVILLE, of Carrollton, Georgia

THE COMMITTEE ON RESOLUTIONS:

T. H. RENNIE, of Alabama, Chairman

J. O. WHITE, of North Carolina

A. W. McLELLAN, of Louisiana

THE PRESIDENT: The Secretary has an announcement to make.

(Secretary-Treasurer Adams read the program for the forenoon session of May 2.)

THE PRESIDENT: Mr. Newberger, of Memphis, Tennessee, wishes to make an announcement.

MR. NEWBERGER: The cotton buyers and shippers of Texas, Arkansas and Oklahoma, and the southwest generally, will please meet with me at ten o'clock tomorrow at the Cotton Exchange for the purpose of going over the rules as to buying cotton, so as to present it on Saturday; and all accredited members of this meeting tomorrow, I ask you to meet me at the Cotton Exchange, if you have not too much of a load of entertainment to bring with you.

With this the meeting adjourned to attend smoker in joint meeting with the National Association of Cotton Manufacturers.

SMOKER

BALL ROOM, BILTMORE HOTEL

The "Get Acquainted Smoker" of American Cotton Manufacturers Association and National Association of Cotton Manufacturers was held in the main ball room on the 19th floor of the Biltmore Hotel and was attended by 1500 of the representative cotton manufacturers from the South and New England, along with their many friends from the North and East.

After a number of delightful entertainment features, Mr. James R. MacColl was called upon to present the honor guest of the evening:

MR. J. R. MACCOLL: Ladies and gentlemen: At this late hour, and with the small hours of the morning rapidly approaching, the best introduction I could make would be simply to say—Harry Lauder, God bless you! (Prolonged Applause) but I want to just add a few words.

You all know Harry. You have laughed with him. You have "Roamed in The Gloaming" with him. You have attended "Sandy MacNab's Wedding" with him. But he comes before us in a new role tonight.

Since the war-sore and bereavement has come to us, he has lost, like many of us, his son, his only son. He has visited the trenches and has cheered and encouraged our boys, who are doing their tragic part in this great struggle for righteousness and liberty; and he is now devoting a large part of his time to a patriotic and noble purpose. Especially has he seen and realized the need of helping the thousands of fine young men who have been incapacitated and injured physically by the war. He looks forward to the time when they will return to civil life and he wants to do something, especially for his own countrymen, to fit them for the duties which will come to them after the war; so he is working to secure a million dollars, to be known as "THE HARRY LAUDER FUND" for disabled Scottish soldiers and sailors.

He is also working on behalf of the Y. M. C. A. and Liberty Loan Fund.

I have great pleasure in presenting to you HARRY LAUDER! (Prolonged applause.)

HARRY LAUDER

Ladies and Gentlemen:

At this late hour of the evening I will try to be as explicit as possible. I am standing here, and I am wondering whether all of you have invested as much money as you possibly can in Liberty bonds. The day has arrived, men, when the phrase "SEEING WHAT WE CAN DO" is past; and "DOING OUR BIT" is past. There is only one "DO" today, for each and every one of us, and that is, "OUR BEST," "OUR VERY BEST." (Applause.)

I want you to remember that you are citizens of a great Nation—AMERICA—and you are what your forefathers made you—free men. That expression alone is wonderfully beautiful—a free man! Does the expression "Free Man" not tingle you from the crown of your head down to the soles of your feet? It does me, to know that we are free men, and that we will not submit in any degree to Prussian rule. (Prolonged applause.)

We do not fight for glory, or honor, or riches; we fight for liberty, liberty alone, and that no man may lose but with his life; liberty, the finest word in any language. My God, men if you could see a battalion of your men marching along the road in France tonight, all buckled tightly with their knapsacks and their accoutrements and their rifles and their steel helmets, going along that road to the crunch of their feet, whistling an old tune or humming an old melody, and they are going right into yon trenches, yonder, and every one of them knows they may never come back again. And yet they go there. What do they go there for? They go there for you and for me; they go there for liberty, and if these men can die fighting for us, surely, in God's name, we can die working for them. (Applause.)

I had a letter yesterday from a woman, a friend of mine was inquiring about her nephew. She states in the letter "He has arrived home in Manchester, England. He was a year a prisoner in Northern France. He was one of the exchange men. An exchanged prisoner. They gave him the option before letting him away, whether "Will you rather go back with your sight or your limbs?" She said he is back with two limbs removed, an arm and a leg, so that he would never be able to fight against Germany again.

Men, what are we going to do with this foe? I know what we are going to do: We are going to beat the dirty beast down to his knees

begging for mercy. (Prolonged applause.) And, don't be misled with any calls for Peace. When this push is over that the Germans are at just now, they will be wanting to make parleys. There is no parley with the English-speaking world. (Prolonged applause.)

This force has brought mountains of grief and rivers of tears to the world, and we are going to destroy it. (Applause.) It is either they or us, and God knows let me die fighting for liberty rather than die in the bondage of Prussian rule. (Prolonged applause.)

Men, we have got to fight; we have got to fight all the time. We have got to fight every day, and we have got to fight every night. There is to be no cessation today. We have got to prepare and we have not got to be war-weary, and no gentlemen must be war-weary, because, while men are willing to lay down their lives, they know the enemy over there, for they have seen him. A Canadian officer, I was speaking to a Captain last Sunday, he said, "We were raided one night, and we had to give up a bit of our line, and in this bit of our line we had a bit of a dressing station for wounded men, and we had nine men in it who were lying wounded there, and the Germans raided us at night and we had to retire and leave these nine wounded men there, and it was in a little dug-out hospital, and in the morning we made a counter attack and bombed them back again, and when we went into our little dug-out hospital, there were our nine men bayoneted into their stomachs, in their bunks, while they were lying there." He said "There were five officers of us, and we went down on our knees and we offered up a prayer to God and said that we offered ourselves in His hands and we declared to God that as long as we lived we would not take a German prisoner alive. (Applause.)

Now, that is the state of affairs, and when these men come back from the Front, when a man comes back from the Front without an arm or without a leg, when he goes to the hospital and he is lying there and he has a wife and two or three little bairnies there at home, he lies there and realizes what will become of them now. Strange to say we do not know why, but the old country soldiers and sailors are the lowest paid of any army in the British Empire. But when these men now get better, and they know they are going to be assisted with THE HARRY LAUDER MILLION POUND FUND, men, they get better twenty times quicker, when they know they are going to be helped, and that is what I am out for. I am out for one million pounds sterling. I have been very successful in America and Canada until now. I have close on \$90,000 that I have gathered in six month's time. I am rushing to get \$100,000 before I finish my engagement here on Saturday night

(A shout of: "You will get a million!")

Mr. LAUDER (continuing): Yes; but not all at once. I must tell you this, it must never be said that any man, any maimed man, a soldier

or sailor, coming back haim to Scotland again—By God! it must not be said, that any of these men were seen standing on the corner selling shoe laces or matches! (Prolonged applause.) And I want to take the shelled-shocked man and paralyzed man home to an institution where they will get good cheer, and be able to get out for air.

Some of these men sat in the trenches for twenty-three months, with the rest of the British and French forecs, and never moved a yard. They said they sat there and stemmed the tide of the Hun, the same as they are doing tonight again. (Applause.)

Some of these men had to have their feet and their hands amputated, and today you can see them learning to walk again like wee babies. When they stagger and tumble on the floor, you can hear them laughing, sometimes. When a strong man comes to lift them to their feet again, of course he naturally sympathizes with them. He says, "It is a terrible job with you, now." They say, "Do not talk about it now; we helped to save the situation yon time." That is what I want to do now—to save their situation now. WILL YOU HELP ME? (Prolonged applause and shouts of "Yes.")

You know Scotland is a wee country. Yes, we were only 5,000,000 of population before this war, but we glory in the knowledge that we have given to the service nearly 900,000 men. (Prolonged applause.)

Now, I do not want you to—I do not ask you to be lavish with me; I only want you to give me a mite—something that you can spare; and if every man here does that, the total will be very handsome, I think.

Now, when I go back again, I have traveled this country from the Atlantic to the Pacific and back again, I have been in every big city in this country, and I am going to go back to the Front right on the firing line, and when I come in contact with the American forces, I want to be able to say to these men, "Men, your duty is to stand by your country. Your great country at home is standing by you." (Applause.) You are fighting for America. We are all fighting for our lives today; and there is a great fight to be put up at home here. You have got the enemy here. Aye, he is very thick in this country; he is very thick. Start tomorrow, for God's sake, men, and stop all this German teaching of the German langauge in the schools. Cut it all out! (Prolonged applause). And all German newspapers too, and all German magazines; eliminate Germany from our lives; it is no good. (Prolonged applause.) Germany is no good. She has done nothing but create the most hellish crook, cruel war that the world has ever known. We have been four years at war with her now. Her commerce has been cut off. She has not got a ship sailing in the seas, not a ship. We can do without her commerce. We are doing without it now. By God! if we can do without her commerce, we can do without her language. Cut it out! (Prolonged applause.)

FOR HARRY LAUDER FUND

At the conclusion of Mr. Lauder's address, Mr. W. A. Erwin, of Durham, N. C., a former president of the American Cotton Manufacturers Association, arose and in a forceful appeal to those present, called upon the manufacturers and their friends to help "Harry Lauder over the top" in his campaign for funds for the Harry Lauder Fund. Mr. Lauder had mentioned that he had hoped to raise this fund to \$100,000 before he returned home—which was to be in a few days.

In response to Mr. Erwin's appeal, the needed \$10,000 was quickly raised and then half as much more, making the total approximate \$15,000—the gift of the textile manufacturers to the great cause of enabling the injured men at the front to be prepared to take their rightful place in the world's affairs.

SECOND DAY

THURSDAY MORNING, MAY 2

JOINT MEETING

The convention met in the Fountain Room at 9:45 a. m. and was called to order by Mr. T. H. Rennie of Pell City, Ala., a member of the governing boards of both associations.

THE CHAIRMAN: Gentlemen, I desire to introduce to you Mr. Daniel J. Danker of Boston, who will read a paper by Arno S. Pearse of Manchester, Eng., on "Aims and Objects of the International Federation of Master Cotton Spinners' and Manufacturers' Associations."

MR. PEARSE: The aims and objects of the International Cotton Federation may be known to some of you, yet the present time offers an excellent opportunity—in view of the general spirit of reconstruction that is permeating the world in anticipation of the dawn of a World's Peace—to re-state what this organization is aiming at and what it has so far accomplished. I venture to claim that with the existing ramifications of the International Federation, strengthened by the active support of the American cotton manufacturers, it will represent a perfect machine for achieving all the higher ideals of this great world-important industry.

No doubt your Secretary realized this when he invited me to put before you a synopsis of our work, an honor which I greatly appreciate. I am exceedingly sorry that, owing to a reduction of our staff, due to military service, I am prevented from personally addressing you, but trust that my absence today will not prejudice the case and that the eventual outcome of this paper will be the affiliation of your Associations as active members of our organization.

It is more than fourteen years ago that, as a direct result of the Sully Corner, the International Cotton Federation was inaugurated; it is a Federation of Associations of Cotton Manufacturers, composed at present of representatives from the following countries: England, Russia, France, Italy, Switzerland, Spain, Holland, Belgium, Portugal, Sweden, Norway and Denmark, in Europe, and of India and Japan in Asia. Before the war Germany and Austria took an active part in our organization, but as to the future inclusion or exclusion of these countries, nothing definite can be said at the present time. No doubt this point will largely depend on the kind of peace established after the

termination of this world-wide catastrophe. The purpose of the Federation is to "protect the common interests of the cotton industry of the world," and although, at a first glance, it may appear that there are few "common interests" and that these are overshadowed by keen competition, a short examination will show there are many such interests of the most vital importance. The world is large enough for each country to develop selling markets without causing hostility or friction. Fair competition is welcomed the world over as the most powerful incentive to progress. In an effort to prevent unfair competition, our organization has established international courts of arbitration and uniform laws for trade marks.

The question may be asked: "As we are at war, is it the right time to discuss such matters, are not our interests divergent from those of the rest of the world?" To this I cannot do better than reply, that the most powerful members of the International Cotton Federation, viz: England, France, Italy, India, Japan and Russia are all allied in this great struggle. In the words of President Wilson, who is the outstanding leader of the political and economic aspects of this war, "the world is fighting for a partnership, not merely of governments, but of the peoples, which must henceforth guarantee the world's peace." There is no surer channel of reaching the hearts of the people than by nationalizing the great industries of the world. The free and unfettered exchange of opinions and experiences, the frequent personal contact of leaders of industry of one country with those of another, the bringing together of producer and consumer, are the most thorough means of demonstrating to the nations of the world their absolute inter-dependence and of creating and cementing the consciousness of the solidarity of humanity which is the foundation stone of all civilization. It is the work of the International Cotton Federation to draw the necessary conclusions and the best results from this solidarity, not only on behalf of the cotton manufacturers, but also for the benefit of the mill worker, and the advancement of humanity at large.

We will now consider some of the common interests. The first and foremost is undoubtedly the supply of the raw material. You, in America, are more favorably placed in this respect than we in Europe, but you will admit, that there is scope for improvement in the supply and in the handling of the cotton grown in the United States of America, and every member of the International Federation will be only too pleased to see that supply increased and the conditions of handling improved. I can assure you that we shall most readily co-operate with you in this direction. I wish to make it quite clear, that our organization looks upon the supply of cotton from a broad world-point view, and is not regarding the question from a narrow national point; we believe that cotton should be produced wherever its cultivation can be undertaken on a sound commercial basis. The International Federation

has proved this broad outlook to you in a practical way, for as far back as 1906-7 it took a leading part in the organizing of the Atlanta Conference and the subsequent tour through the American cotton belt. I must admit that, had we been assisted through the active membership of the American manufacturers' associations, we would have been able to attain more successful results in that field. We felt naturally that, although all the other cotton-using countries of the world were represented in our organization, we lacked the real support of manufacturers of the continent which furnishes two-thirds of the world's cotton supply. We felt that our influence in your country was not as powerful as in the rest of the world.

We assure you that it would be of the greatest interest to the cotton manufacturers of Europe and Asia to see the supply from the American cotton belt increased and the methods of handling improved, and we shall do our utmost to act in accordance with your efforts in that direction. May I remind you that the question of denser packing of the American cotton bale which you recently advocated with such force as a war measure, was initiated by us some twelve year ago?

We do not regard the growing of cotton from a national point, and we ask that you, too, take an international view. You are producing two-thirds of the world's cotton supply, but it is to the interests of the American, as well as the European manufacturers, that the countries which raise the other third shall continue to do their part. Should these countries relax their efforts, a large number of foreign consumers would come to your market and the demand would raise the price to you as well as to them.

You have evidence of this whenever the Indian cotton supply is below normal, and the Japanese and Europeans come to you in order to cover the deficiency. Your own cotton industry has expanded enormously, and the time is not far distant when instead of consuming half the quantity which America produces, you will require three-quarters; in this connection I beg to draw your attention to the consumption figures of your industry in 1911-12 in comparison with those of 1915-16. In this short space of time you have increased your consumption by nearly 1,500,000 bales; in another five years you are likely to require fully two-thirds of the crop you produce. Then, indeed you will welcome the growth of cotton in other parts of the world. Again, a large foreign crop would be a distinct advantage to you in case of failure of your own crop, a calamity which is not beyond the bounds of possibility. When you take a broad view of the question, you will realize that the International Cotton Federation in encouraging the growth of cotton wherever it can be carried out with success, is a safeguard, not only to the European cotton manufacturer, but also to you. Although you may not consume a single bale of cotton from India (the country to which we have devoted our principal attention

as regards extension and improvement of cotton growing), yet every additional bale raised there, or anywhere else, liberates a bale of cotton in your market. The extreme scarcity of cotton which existed before the war is likely to continue for many years to come, and it is very questionable whether your Southern cotton planter may not find the production of larger quantities of foodstuffs more lucrative than the growing of cotton. The cotton manufacturers all over the world are faced with the fact that the world's production and consumption during the years 1905-6 to 1913-4 only just balance. This is surely a most precarious position for any industry. The world will be so much poorer because of this war, that the demand for cotton goods, to replace the more expensive woolen goods, will be intensified and high prices of the raw material are likely to result. This would be a hardship for us all.

As a possible program for our combined action in the United States cotton belt, I suggest a few lines upon which the International Cotton Federation, if strengthened by your membership, might become active:

1. Reforms in compressing with consequent saving in railway freight and packing.
2. Improved sampling of bales with corresponding economy in cotton.
3. Organization of an efficient crop reporting service throughout the cotton belt.
4. Closer relations between producers and consumers of cotton.

Not only as regards the question of raw material are your interests closely connected with those of the European cotton manufacturers, but also in respect to many other items. There are the compilation of cotton statistics, the exchange of opinions in technical matters, the more efficient building up of trade organizations, and improvement of mill management. Again, there are commercial questions such as unification of contracts and settlement of disputes. All these are of equal importance to you as to us in Europe.

The International Cotton Federation has issued every half year statistics dealing with the annual consumption and mill stocks of cotton. For this purpose inquiry forms are sent out to every mill in Europe, Asia and South America, and the fact that the returns received from these mills represent more than 91 per cent. of the total spindlease shows the value and appreciation with which the industry appraises these statistics. (In your country the Census Bureau undertakes this work.) Through the instrumentality of the International Cotton Federation the world possesses a reliable compilation of these cotton figures, whilst in former years the industry was guided in this important matter solely by tabulations, sometimes mere guesses, of those whose interests were often opposed to those of the cotton manufacturer. This method of establishing, through individual returns of the mills, reliable

information can be extended to other subjects, and the existence of an organization like ours for this purpose alone is of inestimable value.

Members of the International Federation have the exceptional advantage, when attending Congresses, of coming into very close and friendly touch with colleagues from abroad and of exchanging views with the leading men of the industry in other countries. Such gatherings contribute also to a closer knowledge of other countries and nations, of which we all stand in great need. At these conferences all kinds of topics relating to cotton and the industry are being dealt with, as a glance at any of the voluminous Congress reports will show.

The distribution of these reports, printed in an edition of 10,000 copies and published in three languages, enables those who are prevented from attending the meetings to follow the proceedings; moreover the reports are excellent works of reference, and are full of interesting data. The large distribution of these books, not only amongst the mill-owners, but also amongst the government officials who have to deal with cotton matters, in all countries where cotton is grown or manufactured, must have a decided educational value and be of material benefit to the industry at large.

We have set up courts of arbitration in all the affiliated countries for the settlement of disputes or differences resulting from yarn or cloth transactions. At these courts the most qualified cotton manufacturers act as arbitrators, and instead of leaving the decision of technical points to lawyers, who are not often versed in these matters, the interests of the members of the International Cotton Federation are safeguarded by men eminently fitted for this work. By submitting disputes to these friendly courts of arbitration, members not only assure themselves fair treatment, but obtain an amicable settlement, thus making the continuance of business with the same clients easier than if the dispute had been submitted to legal courts, a process which is, in any case, more expensive. In view of the increasing export trade of the American cotton manufacturers, the advantage resulting from these courts of arbitration is not to be underestimated.

Although labor problems are barred from public discussion at conferences, the central offices at Manchester will, at any time, supply information relating to the conditions of the work-people in any country.

Events of interest to the cotton manufacturers are communicated to the affiliated associations by circular; the head offices at Manchester forming a kind of clearing house for all important cotton news.

The resolutions at congresses or at committee meetings refer only to matters in which almost unanimous agreement exists. Such resolutions, having the weight of the world's cotton industry behind them, are more likely to be considered by governments or by trading corporations, than those adopted by national gatherings. The time has gone by

when important matters, such as the regulation of the cotton supply or the handling of cotton, can be dealt with efficiently by individual action of one association. You will agree, that the voice of the American cotton manufacturer should be heard regarding all measures which the rest of the cotton industry of the world may see fit to take. At the present time your views are not considered, for you are not represented in our committee, and it may well occur that recommendations made by us which might be prejudicial to your interests would have been expressed in a different form had you become members of our Federation.

Our conference resolutions are at all times in the form of recommendations only. If an affiliated association considers that the effect of a resolution would be detrimental to the interests of its members, such an association is not compelled to carry out of the resolution. As an example, I may cite, that on several occasions resolutions favoring a short time movement in the working of the mills were adopted, but there were always several countries which did not fall into line, as their interests were divergent from those of the majority of the other countries. There is no fine for disobeying a resolution.

Only associations can become affiliated with the International Federation, not individual firms, and each country selects its own representative on the executive committee; in the case of a country with several associations it is for these to agree on the appointment of a representative on the executive committee. This committee meets generally twice a year in a centrally situated city, the sittings lasting from two to three days. The traveling expenses of the members of the executive committee are defrayed from the funds of the Federation. Congresses are held, as a rule, every second year. It has, however, been the custom to arrange, every alternate year, visits to cotton fields, such as the one which took place in 1907 to the United States, and to Egypt and the Anglo-Egyptian Soudan in 1913.

The cost of carrying on the organization is very insignificant, as regards the individual mill; so far, on an average, \$20,000 have sufficed to defray our annual expenses, and these have been raised by means of an annual levy of:

$$\left. \begin{array}{l} 1/100 \text{ penny per spindle} \\ \frac{1}{4} \text{ penny per loom} \end{array} \right\} \text{ plus 20 per cent.}$$

The equivalent is therefore 2 cents per 100 spindles and $\frac{1}{2}$ cent per loom. For a mill with 100,000 spindles the annual contribution works out to roughly \$24 or not more than the annual subscription to a good technical magazine. New members have to pay an entrance fee of the same amount as the levy.

The war with its many difficulties of intercommunication has greatly handicapped our work, but in spite of these harassing times we have survived the storm and are endeavoring to be of some assistance to

the members, who have expressed unanimously their conviction that the International Cotton Federation has fully justified its existence during the past decade, and that its organization will be more than ever required in the work of reconstruction after the war. My committee looks to you in America to come into line with the other cotton using countries and give us the benefit of your experience for the mutual building-up and maintenance of the cotton industry on an international basis.

It is in times of war that the work of reconstruction of industry and civilization should be taken in hand. The Right Hon. H. H. Asquith recently used these words to express the same meaning:—"It is well that we should accustom ourselves while the war still continues to envisage the economic and industrial position which peace will bring." Your National Association of Cotton Manufacturers, as well as the National Council of Cotton Manufacturers, has taken a prominent part in directing the cotton industry to the best measures in its preparedness for war. May the Association now crown its work by showing an equal activity and broad vision by preparing for peace, in joining hands with the cotton manufacturers of Europe and Asia.

THE CHAIRMAN: You will notice, gentlemen, that in this paper Mr. Pearse asked for a resolution. A motion will be in order, but I would suggest that this subject be referred to the National Council, which can take charge of the matter and recommend to the Associations what would be best to do out of the circumstances. Not hearing any motion, it will take that course.

I see that the time has come for Mr. Cooper to take the chair and open the discussion. You will understand, gentlemen, now that the meeting is opened in Joint Session and this discussion led by Mr. Cooper is open to all, and the more you take part in it the more benefit the Association will get from it.

MR. D. Y. COOPER took the chair and called to order the first of the group discussions of the joint convention.

AMERICA'S PLACE IN WORLD TRADE

GROUP DISCUSSION

Address of Chairman D. Y. COOPER, Henderson, N. C.

THE CHAIRMAN: Gentlemen, it is a real pleasure to be with you this morning and the few remarks that I may make will only touch the most important matters that we are interested in today.

I congratulate the members of the American Cotton Manufacturers Association and the National Association of Cotton Manufacturers upon this their first joint meeting, and esteem it an honor to preside as Chairman of this group.

Our good Secretaries have arranged an attractive program. The large attendance this morning attests your interest in the subjects to be discussed. It is well that these bodies and allied interests composed of such distinguished men and leaders of thought of American industries should meet for the exchange of views in business and social intercourse.

Early in the war these Associations, recognizing the gravity of our country's situation, offered their services and product of their factories to the Government unreservedly. Many of our members, through a sense of patriotism, have been co-operating with the different Departments of the Government in whatever capacity they were called and could be of most service; have given freely of their skill and knowledge of cotton and cotton manufacturing in all of its various forms and constructions.

The products of our mills have been prime factors in the conduct of the war, and one absolutely necessary for the prosecution of the war to a successful conclusion, furnishing, as they do, large quantities of many of the most important and indispensable articles for the Quartermaster and Medical Departments of the Army. Our industry is closely allied with our Government in supplying its needs and requirements; our members are actively participating in raising funds for the various activities of Army life, contributing to the pleasure and comfort of our soldiers.

The wealth of our nation and the dollars of our people will not win this war, but an intelligent and prompt utilization of these forces will bring strength and stability to our Government and courage and valor to our soldiers, and finally Victory to our cause.

Let us now realize fully that this is your war—my war—our war. This is America's war, and the victory must be won by American valor. (Applause.) From professional profiteering and pacificism it is but a short step to disloyalty.

There is not a patriotic American in this room or in this country that does not remember that in the days of '60-'65 there was a Vandaligham in Ohio, not respected in his own country and kicked out of the Southern Confederacy when he came down to give them information. The American people will not tolerate a traitor. (Applause.)

There is no escape from the responsibility resting upon each of us in rendering to our country a most loyal, hearty and prompt support in her peril. Our country's gallant sons are being called to the battle front from every walk of life; those who remain at home should put forth

their best efforts to have our soldiers realize that we are unitedly supporting them loyally and with determined hearts.

Since the declaration of war there has been mutual co-operation between the Government, Capital and Labor and all of the allied interests of the country. They have come in closer touch and co-operated more freely and advantageously during the past six months than ever before, and there should be strenuous efforts made to continue these relations and kindly feeling that have sprung up from working for a common cause in the patriotic support of our Government.

The intelligence and integrity of her business men and skilled laborers co-operating has placed our nation in the enviable position of being the leading Nation in trade and commerce in the World.

"In unity there is strength." This combination of interests will be a mighty force in the preparedness of our resources, to meet the changed conditions which will confront us at the conclusion of this war, and the readjustments arising therefrom.

The splendid Merchant Marine we are placing on the seas will be adequate in every way to meet our oversea trade when peace returns. We also have in the Federal Reserve system and the Credit system resting upon it a most admirable means for handling in an adequate way the financial operations which our growing foreign trade will demand. With these advantages our foreign trade can be established more firmly and lasting than ever. By extending liberal credit, reasonable terms and facilities equal to or better than competitors of other nations.

We should co-operate with our Allies upon mutual and most advantageous and liberal terms. Sharp competition, both domestic and foreign, will doubtless follow the signing of Peace Treaties and many perplexing problems will then present themselves for solution. These thoughts are today in the minds of our Statesmen, Financial and Industrial leaders, but really and truly, gentlemen, our first thought and determination should be to win the war.

New treaties and agreements that have become inoperative or held in abeyance during the war, must be re-enacted. These delicate, intricate and tremendously responsible matters must be left to our Statesmen and State Department, and care should be taken by them that future treaties shall be so safeguarded and binding that they shall never again be regarded as a "scrap of paper."

In recruiting the army, our farms, factories and every other industry in the country have been drawn upon and more or less disorganized by their employees going into the army. Thousands and hundreds of thousands of these gallant fellows will return after the war to be re-absorbed in the civil life and peaceful pursuits. I quote:

"It is reasonable to expect that with a secure peace established among nations divested equally of power and the desire to make war on each

other, great world enterprises will be undertaken through the stimulus of international combinations of capital and of a common surplus of materials available for improvements and construction."

In these brief remarks I have touched only upon a few of the many important matters claiming your attention and directing your thought to a live interest in all things that pertain to the safety of our country and the progress of our commercial interest.

While paternalism is not desirable, co-operation with our Government by every interest of the country should be encouraged.

Gentlemen, as I stated before, the thought uppermost in all of our minds should be to co-operate with the Government—to co-operate with and not criticise our Government in Washington. Never in the history of the world has so much been accomplished, so much equipment furnished, so thorough an organization made and so few mistakes made as the present administration have done in the preparation for this war, which I hope we will fight to its peaceful solution.

Gentlemen, I take great pleasure in introducing this morning for your first speaker, Mr. John S. Lawrence of Boston, who will make his report on our "Foreign Trade" for the Committee on Foreign Trade of the National Council of American Cotton Manufacturers.

FOREIGN TRADE COMMITTEE'S REPORT

MR. LAWRENCE

The National Association of Cotton Manufacturers and the American Association of Cotton Manufacturers having formed the National Council of Cotton Manufacturers to represent the whole industry, and at their meeting last spring the Committee on Foreign Trade was appointed with general instructions to care for the interests of the trade in both cotton and cotton goods, to take such action as seemed best in speaking for the trade, subject to and in co-operation with the Executive Committee of the National Council of Cotton Manufacturers.

The work of the committee has been primarily devoted to following and assisting the activities and duties of the War Trade Board.

Among the more important of its accomplishments may be mentioned: The recommending as trade adviser to the War Trade Board Mr. E. T. Pickard, who was duly appointed, and who has well served the interests of the Government and of our trade throughout the past year. He has handled many difficult problems with tact. The committee has found him reasonable at all times, as well as all members of the War Trade Board with whom we have come in contact.

Your committee played an active part in the restriction of the shipments of cotton to our enemy, proving through facts and figures that there was ground for suspicion. It now appears that all channels have been blocked, and that no cotton or cotton goods are reaching them.

Your committee has sought that the interests of our industry should be fairly treated in the world's trade, and that preference and priority in such countries as have been or must be rationed in their cotton goods imports include a fair share of United States products.

Your committee called attention to restrictions imposed by our Government which were not required by our Allies, feeling that there should be greater uniformity not only in fairness to all, but to the successful prosecution of the War Trade Board's duties.

It aided in the forming of a bill now pending for the creation of a national trademark.

It has served as a committee through the Textile Alliance for the supervision and handling of all imports of cotton into the United States.

Statistical data upon the world's movement of cotton and cotton goods prepared by the committee has been of great assistance to the War Trade Board and to the Shipping Board, in the forming of their plans for the best assistance toward winning the war, without disturbing the industry any more than was necessary.

The committee urged the creating in Washington of some rationing committee that might allot among the industries available shipping space for commercial trade, and presented arguments supporting the request for a fair share of the space for our industry.

It has undertaken and has in process conferences aiming to achieve a greater uniformity in our international action, such as would enable our merchants to finance their cotton goods exports, relieve congestions in our ports, and create a uniform understanding of the obligations and conditions of buyer and seller.

Any complaint, or suggestion for an improved condition, which the industry may present to the committee, will be gladly taken up and it has always found that its interviews and correspondence have been given careful and, believes, thorough consideration.

In presenting its report the committee feel it proper and appropriate to cover in a brief way certain of the world's trade conditions, and to quote extracts from various sources bearing upon this subject, that our industry may have a keener appreciation of the problems of the future.

The United States has fought three great wars. The first, the Revolution, resulted in independence. The second, the Rebellion, resulted in cohesion. The third, this European war, which must result in our becoming a greater international factor.

No longer can we consider ourselves an isolated nation, no longer interpret the Monroe Doctrine as in the past. We are at war in Europe that the disturbing influences in the world may be crushed, and that we may live as we desire.

Before the war, about 92 per cent. of the cotton goods requirements of the people of the United States were supplied by United States pro-

duction. Today there are practically no imports of cotton goods, and our exports are about 12 per cent of the American production. It has been estimated that over 25 per cent. of our industry is now engaged in essential war work. Before the war we spun annually about five and three-quarters million bales of cotton, today we are spinning about seven and three-quarters million bales. Before the war, 29 per cent. of the cotton of the world was spun in the United States. Today about 41 per cent. is being spun here, while our people are but about 6 per cent. of the world's civilized population. We consume from two to three times as many cotton goods for civilian purposes as do the English or the French. We live better than do other nations. We want to continue so to do, but our consumption of cotton goods per capitum is so much larger than that of most highly civilized nations that we can hardly expect to maintain such a large ratio. It is clear that America's relative place in textile production has been changed. The great problem before us now is to find the best way to save from collapse our expanded productive power.

As long ago as 1828 we exported \$1,000,000 worth of cotton goods a year. Since 1877 we have never exported less than \$10,000,000 worth in any year, and since 1899 never less than \$20,000,000 worth, while for the fiscal year ending June 30, 1913, our total exports of manufactures of cottons were valued at \$53,000,000. For the year ending June 30, 1917, the value of cotton goods exports of the United States had risen to \$136,000,000.

It is the maintenance, development, and solidifying of this trade which is so important.

A brief summary of what other nations are doing will, we are sure, be of great interest to our members.

The Board of Trade, a branch of the British Government, corresponding very roughly to our Department of Commerce, appointed committees some time ago to investigate each of the important industries of the country, with a view to after-war conditions. From the reports of these committees, it is clear that each industrial group is planning to meet the great problem of organization for export in its own way; but that, among all of them, some form of co-operation is being planned.

As a method of lowering the cost of British goods sold abroad, standardization is strongly recommended by practically all the Board of Trade Committees. Practically all of them recommended the standardization of ships, engines, locomotives, as in America and Germany. The standardization of machine tools was urged and the example cited of the United States, which had captured a large part of the world trade in milling and grinding machines and automatic lathes by turning out standardized machine tools. American agricultural implement, motor car and typewriter trades as well as the

Swiss watch trade, were held up as further examples of the benefit derived from standardization.

"The whole system of pushing export trade requires a somewhat bolder treatment than it has received up to the present," declares the Board of Trade Journal.

The London Outlook says: "Our enemies are absolutely prepared. The German trade syndicates, the most wonderful and successful commercial organizations that ever existed, have been strengthened, conferences held, and all plans are complete. We must organize on something like German lines if we are to capture enough trade to employ our people."

The Textile Trades Committee is an exception, for it believes that the organization of the larger British firms, and the distribution of goods is as efficient as that of the foreign competitors. It suggests co-operation with foreign "merchants on the spot" rather than the amalgamation among themselves; it makes particular reference to the far East and to South America.

The Silk, Lace and Hosiery Committee points out the waste through the duplication of travelling salesmen and the confusion, and urges "some form of combined representation or co-operative selling . . . British distributors should sink some of their intense individualism in combined action."

There could be no clearer evidence of the extent to which the principle of co-operation is coming to be accepted in the British business world than the favorable reception of Sir G. Charles Mandleberg's proposal of a monster corporation of manufacturers and producers for purposes of mutual assistance in export trade. The scheme represents a radical departure from English business tradition. It is based on the growing conviction of the supreme importance to exporters of "the man on the spot" upon whose shoulders, according to the author of the scheme, all export trade must rest.

The British Manufacturers' Corporation, as it is called, would consist of about a thousand manufacturers or producers, each subscribing £100 to £200 per annum, collectively represented in every market in the world by an agent-in-charge, whose "office would be as fixed and conspicuous a feature of the life of the country as that of the British ambassador or minister in the political sphere."

It would be his function to secure and transmit information of requirements which could be met by British manufacturers; and to familiarize the business men of the country to which he is "accredited" with English products, and English methods. He would not himself act as selling agent, but would, when requested by any of the individual firms subscribing to the corporation, put them in touch with an agent whom he could recommend. He would, moreover, advise as to the credit of local firms.

This corporation would also set up "home centers" of information in England's various industrial cities.

The scheme has already passed beyond the stage of mere discussion. It has the endorsement of financial periodicals of the type of the London Economist. A number of firms have already declared their intention of joining it; and a provisional organization committee is about to be set up.

In the textile industries, the financial question has been apparently somewhat less pressing than in other industries. But special facilities are declared to be essential in order to meet the long credit system which prevails in Russia. In the past many British firms have been compelled, because of the credit situation, to deal with Russia through German merchant houses. In order to prevent this in the future, declares the Committee:

"Means must be afforded, either by our existing banks or otherwise, to provide facilities to British exporters and merchants at least equal to those afforded to German merchants."

Recently the British Board of Trade has been reorganized, and its work greatly extended. It has been divided into two main departments, and trusted with the development of trade, with the duty of thinking out and assisting national commercial and industrial problems.

Mention should also be made of an Act of Parliament of August, 1917, creating the Ministry of Reconstruction to consider and report the nature and amount of supplies, materials and foodstuffs which would be required by the United Kingdom during the period which will elapse between the termination of the war and the restoration of a normal condition of trade.

The French have been overtaxed in holding our enemy, yet on December 15, 1915, there was established under the auspices of the Paris Chamber of Commerce, the National Association for Economic Expansion.

"The National Association"—so runs the official statement of its aims published in *Le Temps* the following day—"is an organization for inquiry and action which will gather together, without prejudice to their autonomy, those persons and associations, belonging to, or interested in, commerce, industry and agriculture, to unite their efforts and co-ordinate their work.

"It will receive their advice and proposals, study them as its own, and strive for their realization. . . .

"It will assure common action in the national interest.

"To this end it will, on the one hand, make inquiries in France and abroad; and on the other, it will stimulate, either directly or by encouragement, the creation of all institutions, organizations or *ententes* tending to facilitate the fabrication, transport, or sale of French products.

"It will call forth the establishment of new industries in France and the opening of new foreign markets.

"It will lend French merchants abroad the support of its authority.

"Finally, it will attempt to reconcile the development of great industrial, commercial and agricultural enterprises with the maintenance of small and medium industry, of the trade of artisans and of the small rural proprietor, which constitutes an essential element of the national economy."

Let us now consider what our enemies are doing. An article in the German paper "Nauticus," printed in Berlin in June, 1914, is interesting.

"The six million people engaged in textile, leather and clothing industries, in shipbuilding and in the provision trade, might be reduced to absolute beggary if our foreign commerce broke down. The seventeen millions who work at other trades would suffer severe privations. Let us not forget that the basis on which we have built our fabulous edifice of foreign trade is comparatively narrow and weak, because its foundations rest abroad and not at home, in those countries which sell us food and raw material and buy our manufactures."

"How can German agriculture exist," asks a writer in *Deutsche Politik*, in March, 1917, "without foreign phosphorite? What meat and fat can we produce in Germany without bringing fodder and oil-yielding products from abroad?" Fats, he declares, are produced in Germany largely with the aid of foreign cattle fodder, and imported from abroad in the form of oils and fat-yielding substances. Germany, moreover, is relatively poor in metals and fibres, many of which, as he points out, are entirely in enemy hands.

According to the Under Secretary of State in the War Food Office, a Social Democrat—"We cannot do without spinning material, oil seeds and oils, india rubber and tar, copper, nickel, manganese, phosphates, skins and hides from abroad. Even our agriculture cannot permanently do without phosphorus and fodder from foreign countries."

In the early part of 1916, when Germany first began seriously to face her after-war problems, the project of buying staple raw materials after the war, not as a multitude of individual merchants and firms, competing with one another, but as a nation, sprang into being. The necessity of some arrangement for preventing the prices of imports from being driven up by competition is generally recognized in Germany; but there are still great differences of opinion, showing themselves in the press, in the resolutions of commercial bodies, and in the proceedings of the Reichstag, as to the extent of Government interference which is desirable. The question of the "Rohstoffzentrale," or central organization for raw materials, has become a storm-center.

Germany is continuing to export to Scandinavia, Netherlands and Switzerland. She is trying to keep in touch with South America—

where her pre-war trade amounted to some \$337,000,000 annually—through German agents who, unable to get goods from Germany, deal in whatever is at hand. And it is said that as soon as the war ends, she intends to export to her present enemies, through Swiss, Dutch or Scandinavian business houses, or under cover of neutral business names.

Thus the Weissmetallgesellschaft, of Pforzheim and Mannheim has set up a branch in Glarus, Switzerland, calling itself the White Metal Manufacturing Co. Other German firms have bought up Swiss concerns, in order to ship through them. Berne, in particular, is reported to be a field for activities of this sort. Considerable land in and around the Swiss capital, and a large number of Swiss trademarks, are said already to have passed into German hands.

Many of you have undoubtedly read a book written in 1915 entitled "Mitteleuropa," written by a member of the German Reichstag.

You have noted the project of building in war time a canal connecting the Danube and the Rhine, which will accommodate vessels of 1,200 tons.

On August 3, 1916, the Bundesrath issued the order for the creation of an organization for the purpose of facilitating the transition from war to a peace basis. According to this order a commissary was to work directly under the Chancellor; his particular function was the regulation of the imports of goods and their distribution, and later the utilization and extension of production and the exercising of strictest national economy.

The Commissioner of the Prussian War Ministry has issued a statement as to the manner of demobilization, which the Reichstag Committee for Trade and Industry made part of their report.

"The transference to a peace footing," declares the Commissioner, "must be effected in such a way as to prevent unemployment and to supply labor as speedily as possible for the most important industries. The reduction of the army to a peace footing will take place gradually. How long it will take cannot be predicted. . . ."

"In order to provide as speedily as possible the personnel necessary for the important industries . . . certain occupations are to have preferences."

It was primarily through standardized production supported by goods of quality, valuable trademarks, and good salesmanship, that the textile industry before the war was able to maintain and increase its textile exports, and it is surprising that during this war we have increased our exports so little. It is evident that we are not likely to enjoy a monopoly of standardized production. This art has been well learned by the countries at war. Note in England, France and Italy the creating under military authorities of a standard civilian shoe, and now the

coming in England of the standard suit of clothes. Every detail in the price of these standard articles is fixed by the Government.

It is fortunate for this country and particularly for the cotton growers, that the United States consumption of cotton has been increased from about five and three-quarters to over seven million bales during the past six years, for our exports of this valuable raw material have been forcibly reduced from nine to ten million bales in 1912 and 1913 to approximately four million bales in the current cotton year. This increased American consumption has been vitally important to our national prosperity. If cotton cannot be shipped to the European spindles, at least cotton goods can help fill our ships bringing essential materials from South America, that our great cotton crop may be moved.

It is certainly desirable that a large part of the cotton crop should be consumed at home, and we may ask ourselves to what extent legislation favoring the consumption of a continued larger proportion of home grown cotton, is economically desirable.

Should we not carefully consider the valuable supplies of raw materials now in the hands of the Allies and under their control, that we may avoid being depleted of our essential raw materials through the combined purchases of our enemy after this war is over, to the sacrifice of the industrial life of ourselves and our Allies, who at present are not in a position to resist an efficient consolidated purchasing agency.

We appreciate that the United States has only recently entered the war, and our thoughts have been entirely bent upon its prosecution, but the committee feel that the time has come when something should be done to prepare for the world's trade conditions during and after the war, that however complete our victory may be, our national organization will be such as to keep the war won, that in years to come the principles for which we are fighting may be universally as well recognized and accepted as in those years immediately after peace.

D. Y. COOPER, *Chairman.*

J. S. LAWRENCE, *Vice-Chairman.*

THE CHAIRMAN: Gentlemen of the convention, I know you will be pleased to hear from a gentleman who is a former chief of our Bureau of Statistics at Washington and is now representing possibly one of the greatest banking institutions in the world—an institution that has opened its branches in all the different foreign countries, so that you will realize in the future that you can do a foreign business much more easily by reason of the opening of these banks than ever

before. I now introduce Mr. O. P. Austin of the National City Bank of New York.

Mr. Austin's address gave many interesting and significant figures as to America's foreign trade—and showed how it had developed in recent years. He traced the contributing causes of this growth and spoke briefly of the future. His remarks were greeted with much applause.

J THE CHAIRMAN: Gentlemen, Mr. Gilbert H. Montague of New York has arrived, and he will address you on "Co-operation under the Webb-Pomerene Bill."

MR. GILBERT H. MONTAGUE

Mr. Chairman and Members: What I am going to say will be only in the nature of a supplement, and I feel a rather feeble supplement to the very remarkable report read by Mr. Lawrence from the National Council of your body. That report, and the words of the report itself, tells better than I can tell what the practical situation is going to be after the war. Not only is the great demand for textiles and textile products in the devastated districts of Europe outlined in that report, but there is also outlined preparations which has been made in Europe to supply their home need after the war.

The general consensus of opinion is that not only will we have a tremendous capacity for production, for which we must have an outlet, but from observation of the report of the American Industrial Commission of France, whose chairman I saw here this morning, according to their observation there will be in France and Europe an increase in the capacity of production, and we shall be confronted with competitive conditions such as has never been equalled in this or in any other industry in the world's history.

What are our precautions against that condition? Our first inquiry as to the situation in our own home markets. Through the activity of the Association of Heavy Chemical Manufacturers, and more particularly the very skillful and very patriotic activity of the counsel of that association, Arthur H. Weed, of Boston, there was placed upon the statute books, with the fullest and most complete and enthusiastic support of administration, a provision which will protect home markets from the possibility of having dumped here foreign production after the war. Very briefly this division contemplates that it shall become

unlawful, and be punishable by fine and imprisonment, as well as making provision through tariff rates, in case the foreign competitor attempts to dump superfluous output on this market at lower prices than he sells them for abroad. In such a case he will be under obligation to sell at no price lower, counting in his case the cost of transportation than he is selling the same goods for in his home markets. There are comparatively few instances in the past, of so called dumping that will not be caught by this provision of the law. It was very carefully considered at the time. Those who later became members of the Tariff Commission were in some degree consulted; the administration gave it its best thought, and although very little has been said, and although at the present time there is no opportunity of testing its effectiveness, we do believe that in this almost unknown legislation we will have a very considerable degree of protection from invasion from abroad through dumping tactics.

Now, what is our own condition with respect to this increased capacity and how shall we find outlets for that? Mr. Lawrence in his report developed the fact that both in England and in France there has been the greatest attention given to organized co-operative effort, and he enumerated many instances. He mentioned the organization which has been created in France, for the purpose of bringing together manufacturers now having some prospective interests in the export trade, to the end that after the war there may be actively and in readiness for operations in foreign trades, an organization which can combine the hitherto isolated units of French production. To a greater degree that has been done in Great Britain and we find there an organization created by charter of Parliament, consisting of members of the Royal Commission, for the purpose of tabulating and arranging work for the British manufacturers, work such as I have indicated has been done for the French export trade. And we also find a separate department of government known as the Ministry of Reconstruction, whose work not only contemplates a demobilization of factories now being used for war production, but also to ascertaining what factories there are whose capacity may then be devoted to what may be the best branches of foreign trade. And we also find in the preceding report, and emanating from the ministry, something hitherto unknown—to combine the co-operative capacities of the different lines of trade of British manufacture, so that after the war there may be under the direct supervision of the British government combined action in the export trade of British manufacturers.

WHAT WE ARE DOING

Now, what are we doing? We have at least gone this far—we have at least taken off in a very considerable degree the shackles which hitherto have absolutely hampered and retarded our American export trade; and we now have on the statute books a law, less than three

weeks old, a law which gives to the American manufacturer intending to enter into the foreign trade a greater degree of freedom than he has ever had before.

What was the previous situation? The previous situation was this: that it was as unlawful for Americans to combine to go after export trade, as it was to combine and fix prices in domestic trade. Both of those things were violations of Anti-Trust law, and both were visited with the most severe punishment. But in the Webb-Pomerene bill, which became law on April 10, it is now possible for American exporters and American manufacturers to combine for export trade, and in the export trades to have the same degree of co-operation formerly had by foreigners, and which they accomplished by their co-operation.

A little history in respect to the legislation will make that clear. We have as we all know our own policy with respect to combinations and units of all sizes which is expressed in the Anti-Trust law. And when it was first agitated the President in an address before the Chambers of Commerce of the United States, three years ago stated he would be in favor of striking off from export trade those shackles which by universal agreement the Anti-Trust laws require, provided two requirements were met, and they were that whatever was done with respect to export trade should not interfere with existing policy of our laws with respect to existing trades; and, second, whatever was done with the export trade, it should not be made the means by which manufacturers and exporters combining for export trade should use combined strength to impress other outside American exporters and manufacturers who wanted to go into the foreign export trade, but who were actually hindered by those engaged in that. So, these were the sailing orders, and the President expressed his willingness to consider any measure which complied with those requirements. And so, with the strong support of every association in the country, with the strong support of every manufacture in the country, the Federal Commission, the Department of Commerce, the Department of State, and the Treasury Department, this bill was finally evolved. And this bill at the present time permits to American exporters and manufacturers the right to combine with respect to export trade in any form and way they wish, provided they are careful that whatever they do has no effect on domestic trade; and second, that the combination does not hinder the competitors who are left outside of the combination. And as the law stands I think we will have to concede that those two requirements were legitimately insisted upon by the President, and he was justified in insisting upon them.

So, this is the law. Now, having made ground work, let us see how it can be practically applied. Let us assume we have in the United States four manufacturers of textiles.

(Mr. Montague used the blackboard here for purposes of illustration.) It is contrary to the Sherman Act for these men to combine, let us assume, for the purpose of agreeing upon prices, or having a joint selling agency, or for working out any method of selling in the domestic trade. Let us assume that that is the status under the Webb-Pomerene bill; it is now possible for these concerns to get together and form abroad a corporation, or an association, or merely an agency—you can have it by contract or agency, or whatever form you wish—form what we will call an export corporation. Each of them can take stuff in that corporation. If they do not wish to take stuff in that corporation, if they decide to hold the stuff, making an agreement that all these American manufacturers should take their entire export product, the entire export product which these manufacturers will sell to export trade; they can buy it. So, this export corporation represents a combination of interests of these four American manufacturers in the foreign market; and they can do it without fear of the law, they can make any kind of agreement, and sell it at what price they choose, bearing in mind (first) that what they do does not constitute a restraint of trade within the United States. In other words it must actually sell abroad, and not sell within the United States. And second, as is of course invariably the case, there is some competitor in the United States who is not in that combination, who himself may want to sell in the export trade, that this export corporation shall do nothing in the way of interfering competition, to deliberately drive out of business this man not in the corporation.

There are other details of the law which require that before this export concern goes into business, it shall file its charter or agreement, which binds together these four American producers, with the Federal Trade Commission. But the purpose of that is merely that there should be some identity of the corporation or association availing itself of the privileges of the Webb bill.

Take another case: Take some concern, all in the export trade, who, without waiting for the Webb bill, and knowing only the terms of existing laws, and that under the terms of existing laws, it was not lawful for them to combine, who single-handed have gone into the export field: What is the effect of the law upon them?

Let us represent the situation graphically:

(Turning to blackboard.) Here is the United States (indicating the board), and here is the group of parties who went into the export trade separately. This concern, say, (indicating) has its subsidiary. This concern say, (indicating) has still another subsidiary. Each one of these concerns, before the passage of the Webb bill had a subsidiary agency abroad. Now what is the situation in respect to them?

If it be the fact that the subsidiary export organization of each of these American manufacturers does nothing but sell abroad, it can then

file its articles of incorporation in the Federal Trade Commission. Then what can it do? It will then be free to combine or make contracts with anyone of these four, in respect to combined action or division of territory by these various representatives abroad. So if, in the example of the rehabilitation of some of these devastated districts of France, presumably there will be governmental purchase, but suppose it does not, suppose there should be a market which requires American effort to work in. We could make agreements to meet the particular needs of each particular case.

This method is also a considerable advantage in respect of concerns which through lack of acquaintance or jealousy of one another are not quite ready to pool into one corporation. It would be possible for them to pool their own selling organizations and make the contracts through them. That does not mean necessarily that these manufacturers here (indicating on blackboard) having formed a selling subsidiary corporation would actually have to have his office and place of business and a force on the ground. It would merely mean that having formed a subsidiary corporation, and undertaken to sell to that all of its export output, he can determine, with his neighbor, whether they shall have one or two of these in the field, or whether they shall operate through one or through the other. So that each will not have to maintain a selling organization in the field; but they can reduce.

I speak of that in a situation like this, it is thought to be necessary to have a duplication of selling agencies. On the contrary you may have duplication of parties, who may then become parties to the contract, and have a selling agency.

One other statement, and then I am done:

Take an industry which is very widely spread into all the units of an industry can conceivably be imagined as coming together at once for the purpose of one single export corporation. That seems to be a popular mode of treating the subject abroad, but, supposing that is out of the question, suppose that to be regarded as visionary, and you could not conceive a larger part of the industry combining into one organization. Does the Webb bill meet that situation?

It seems to me it does. That would be represented something like this. (Turning to blackboard.) Here is the United States (indicating) and here is abroad (indicating); here are three American manufacturers who conceivably are so well acquainted with one another and have sufficient confidence with one another that those three would be willing to combine for export trade, so they would be willing to form an organization of their own. Here are three more, and they would be willing to do that, (indicating) and here (indicating) are these. It is perfectly obvious that now, for such a situation as we have here (indicating) that we haven't the proper combination of manufacturers in this district, (indicating) and the same in that district. Here

(indicating) we have three parties who if they wish can deal with each other for the purpose of agreeing how they shall go into the export trade, and that they will form a corporation; and if they do not, under the Webb bill, any agreement as to prices, as to apportionment of territory, as to apportionment of orders, as to division, as to profits, would be perfectly legal. Only two requirements must be kept in mind: that these export organizations shall not do business within the United States; shall not be used as a subterfuge under which domestic trade is in some way combined or suppressed as to competition. That is the first requirement. The second is: If there is somebody out here (indicating) who is not in one of these things, that you shall behave, with respect to the combined action, in such a way that it will have no ground to accuse you of unfair competition. That is what you have confronted in your home business; and most of you can see there is no charge there against anyone of you, which would affect you. I do not think that is a situation which will embarrass any American corporation.

It seems to me under the Webb bill we have a substantial bill for giving to American manufacturers an opportunity for voluntary association, which is the foundation of foreign trade.

Let us look to history. During a long period after the Napoleonic wars, the textile industry had its birth in Great Britain. After the Napoleonic wars, there was a condition found which exists today, and England expanded to meet that condition and made all of Europe its debtor. In that respect our situation was substantially as that of Great Britain at that time, for we have authorized a credit to the extent of eight and one-half billions of dollars, a result which is bound to set in our favor the flow and balance of international trade in the same way it did with England at the close of the Napoleonic wars. The point obtained by England in becoming textile manufacturers of the world was the foundation of that remarkable development of English trade, which we know as the great wonder of the 19th Century. It was the ability of the English exporter and the English manufacturer to meet the situation in the foreign field with absolute liberty as to the way in which he would by co-operative effort, or by single effort, meet the situation in those markets, which prompted England to develop. We have in the Webb bill something to permit the American manufacturer and exporter to have that opportunity to meet the situation in any market which co-operation, or co-operative effort may suggest.

I have no doubt that the Historian, looking back to this legislation, will point to the foresightedness of the Administration in forcing through to passage this legislation, thereby laying cornerstone for the tremendous position which America will take during the next two hundred years in foreign trade.

I thank you. (Prolonged applause.)

DISCUSSION OF MR. MONTAGUE'S PAPER

MR. BEALL: May I ask Mr. Montague a question? Our foreign competitors are combining to sell merchandise or dumped, perhaps, in this country. Is there any protection against the American producer today, to enable him to meet that situation?

MR. MONTAGUE: It is met by legislation passed one year and a half ago, which I referred to briefly in my remarks, and which is known as the Anti-dumping legislation, comprised in a section of a tariff law in 1916; by which it is illegal for foreign producer to sell in this country commodities at less price, counting cost of transportation, than he sells them for in his own country, or in any other country in Europe, or in adjacent countries. That was passed when we had little export trade. That represents the best effort which the best brains working on the subject could then devise to protect us from dumping, and from the effect of their sending similar goods to America. We feel it will protect the American producer.

MR. BEALL: Having taken that action against other countries, they almost of necessity will take similar action against us, will they not?

MR. MONTAGUE: Yes.

MR. BEALL: That will prevent us through our combinations for export trades, in making prices for our goods abroad less than those which obtained in this country?

MR. MONTAGUE: It would as far as other nations have Anti-dumping clauses. They are to be found in Canada and in Australia. We have no assurance of what a foreign nationality may do or not do with respect to laws against us; but as we have in the Webb bill something which merely gives us freedom of action, and we have to extend to ourselves only that which will place us on a parity with all other nations who have given their nationals the right co-operatively to go into export trade; therefore I expect no retaliation. And as to our Anti-dumping legislation, I presume, as that was fully gone into, I presume there will be nothing as far as American precedents are concerned in foreign trade, which will make

that a subject of considered discussion. I do not think that even for foreign nations who established that sort of legislation it will be found to interfere with any considerable body of American export trade, as we have not done that to any extent, like the Germans had.

MR. BEALL: I would like to ask about the working of the Webb bill. It is difficult, it is very difficult to combine for purposes of one department of trade or business without gradually getting a better spirit of co-operation and combining it in such a way that it might lead to restraint of trade in this country. I would like to ask what would be the measure of test of an illegal combination in the strength of trade through these export combinations?

MR. MONTAGUE: I do not look for any restraint of trade in this country. What made the Webb bill so slow in its passage, and what made it perhaps so technical, or rather, more or less complex in its superficial phraseology, was the strenuous and sincere effort made to insure that combination in the export trade could be carried out without interfering with domestic trade, and these principals were established through the consideration of the measure while in Congress.

MR. LOWE: Suppose these four manufacturers did not care to compete?

MR. MONTAGUE: I should say, that might be a rather dangerous practice. I am not here to either advocate or defend, or establish anything, but I can see if it were believed by the administration that the combination permitted under the export trade, which is now forbidden by our Anti-Trust laws with respect to domestic trade, that bill never would have passed. You can see why. The position of this country has been fixed by the State of War; and as to our foreign policy we are in line with universal practice of all nations.

MR. LOWE: Do you think that the Webb law gives to the American manufacturers such freedom and liberty in the foreign trade as the foreigner has under his law?

MR. MONTAGUE: No, it does not. He is where it is not the same. It is possible for the English manufacturers to combine

at home and abroad ; and he does not need to form a separate corporation and register it in order to have the right to combine in foreign trade. We do. To the extent that we have to have a separate corporation and to register it. We are not on the same status as foreigners. My answer to that is that the trifling impediment which that constitutes is infinitesimal when compared with the advantages we derive by complying with the Webb bill.

MR. LOWE: My question was that even though we have the Webb bill and put into practice, have we such freedom in the foreign market as the foreigner has, the Englishman for example?

MR. MONTAGUE: Yes, sir. I will say unequivocally that we have the same rights.

MR. LAWRENCE: Is not that subject to the approval of the Federal Trade Commission?

MR. MONTAGUE: No. As to what may be unfair competition this man here (indicating on blackboard) and the mere fact that this export corporation has four times the product and four times the capacity and the ability to have prices regulated thereby, that is not unfair competition. I might say as an illustration of unfair competition that it would be some force of conduct by which the customers of this man (indicating on board) would be approached and told that if they got every order through the parties approaching them, they would get a rebate on every delivery until the other man was run out of office ; that would constitute a violation of the German Anti-Trust law, and that only as regards another American competitor. You are now working under the same law with respect to all your competitors here. That was the requirement which the President insisted upon, and I am not prepared to dispute the legitimacy of that requirement.

MR. PIERCE: Mr. Chairman, is it necessary for a corporation in order to operate under this law to be exclusively in the export business?

MR. MONTAGUE: A corporation of this class (indicating on board) must be engaged solely in export trade. It cannot do

any domestic business. These four (indicating) are not restricted in that way. They can manufacture or sell anywhere, but this corporation which they joined together to form must be engaged solely in the export trade. These four concerns (indicating), I am assuming, are selling in the domestic market, manufacturing, doing everything else just as they are now.

MR. PIERCE: If a mill in domestic business, selling cotton goods, wants to manufacture goods for export and take advantage of this bill, it must form a separate corporation?

MR. MONTAGUE: Yes, it has got to be a separate entity which is engaged only in the export trade. These concerns up here (indicating) are engaged in the domestic trade. They are manufacturing here, they are selling here, and they want to sell part of their products abroad, and that is the way they can do it.

MR. BARTLETT: Does the bill say "Import Trade" and "Foreign Trade"?

MR. MONTAGUE: It defines export trade as being trade between the United States or any of its dependencies and any foreign nation.

MR. BARTLETT: What will be the effect of the bill on combinations for the purchase of raw material?

MR. MONTAGUE: That is not covered in any way in the bill.

MR. CORBIN: Have you taken into consideration the foreign exchange situation?

MR. MONTAGUE: Not at all. I am here merely as a lawyer, more or less familiar with this matter.

MR. CORBIN: It has a tremendous bearing on that law.

MR. MONTAGUE: There is nothing in the bill which relates to that law. After your corporation has been formed you have got to solve the problem of foreign exchange.

MR. BARTLETT: It is tremendously easy for countries to dump on this market. The fact that they cannot sell under the price at which they sell at home would not be a sufficient protection.

MR. MONTAGUE: Oh, you mean taking into consideration

what the rate of foreign exchange is? In connection with that dumping provision they have to make an allowance for foreign exchange, they have to make an allowance for the cost of transportation, and then the question is, does the foreigner sell cheaper here than he does in his home country? And if after making allowance for all those things you find that he is doing so, then the law operates against him, and he is not only subject to fine and imprisonment and his contracts can be avoided, but there is a provision by which a higher rate of tariff can be enforced against him.

MR. DANIEL J. DANKER: What protection have we from unfair competition, from the Germans after the war?

MR. MONTAGUE: They are already working on their plans.

MR. DANKER: Suppose they go in and undertake to take away our foreign trade? What recourse have we? Suppose we are in the Argentine; here is the German exporter; here is the American exporter; can we prevent the German from unfair competition?

MR. MONTAGUE: It depends upon what the Argentine laws are. If we can ever catch the German in this country we can enforce our laws against him, but we cannot take a law of Congress and carry it all over the world and apply it to the German wherever we catch him. We can only control him by our laws where Congress has jurisdiction.

MR. DANKER: Hasn't that some bearing on the threatened commercial war against the Allies by the Central Powers?

MR. MONTAGUE: It has, but on the theory that the German is already doing everything unfair that he can. It was assumed that the best way for the American exporter to be able to meet that was to have his hands untied by Congress and have him allowed to combine with other exporters, so that the combined ingenuity and resources of all could be made use of to defeat the German competitor.

MR. DANKER: We are in an isolated state ourselves now, owing to the world being at war, and we are attempting to make laws to apply after the war in countries in which we have no jurisdiction and where we must compete with Germans and their methods.

MR. MONTAGUE: The very thing that this law means to you is, if you, single-handed, have been unable to meet this competition, you have now the right to combine with others to increase your resources to meet it, which, of course, is all that any bill could give. No bill can create laws for a German outside the United States; that is obvious. The most we can do is to untie our hands so that we can go to it.

MR. BOEDT: Mr. Chairman, supposing now that the American prices are not such that they can compete with the European price in the foreign market, such as Argentine, and the American wants to reduce his price in order to compete and get the business that is going to Europe, can he do so?

MR. MONTAGUE: Let me make sure that I understand your case. Here is a market at which a foreigner—we will say this is a foreigner here (indicating on blackboard)—is fixing a price which if we sold at the same price we sold at home we could not meet him on, and the question is as to whether these four American manufacturers can combine to form an export corporation which will then name a price which will be below this German's price. As the law stands that can be done.

MR. BOEDT: It can?

MR. MONTAGUE: It can be done. There is just this possible harm about it: Should there be one American left outside who declined to go in and who is thereby put out of business, it might be that that would be regarded as what our law calls dumping as against that fellow. But if nobody is outside except the German, the German has no right under this Webb-Pomerene Bill. Nobody can come in and make a complaint unless he is an American corporation or an American citizen. What I mean is this: Supposing the American reduced his price in order to meet the foreign corporation—

MR. BOEDT: That is what I mean.

MR. MONTAGUE: That may oblige him to raise his price at home. It will raise the price of production.

MR. BOEDT: That in itself would not necessarily constitute any violation of the law as this is drawn.

MR. MONTAGUE: Not necessarily, because if the American

has to reduce his price on the products that he exports the net profit of the manufacture will be reduced unless he raises his price at home. Over a short period of time that might be done. But speaking from my own observation—and a large part of my work the last ten years has been in the defense of Anti-Trust cases, where I have had to look into the operation of large concerns in respect to restraint of trade—while that situation obtains I have never known it to obtain over a very long period and you can readily see that it would not over a very long period obtain, because it would be assumed that the American manufacturer intended to give his goods away to the farmer and charged the man at home a higher price. While for a temporary period that is done, I have never known it to be done for any considerable period of time. The Germans do it all the time, but we have not. So when the question is asked as to whether some foreign nation might have an anti-dumping clause against us, the way we might answer is that we do not, so far as my observation goes, indulge in dumping to any such extent as to make an anti-dumping clause against us anything like the peril that an anti-dumping clause is against Germany.

I thank you very much. (Applause.)

MR. LAWRENCE: Mr. President, I would like to move a vote of thanks to Mr. Montague for his very able presentation of this subject.

The motion was seconded.

MR. MONTAGUE: May I clear up one point that has been suggested, and that is as to whether this corporation could be established in New York. I am afraid I did not make that clear. This corporation, of course, is an American corporation and it can have its office in New York or any other place so long as it does not sell in the domestic market. It does not mean that it shall necessarily have to immediately form a selling agent abroad. You can co-operate tomorrow and keep your corporation inactive for three or four years until you finally decide where you will move. It does not have to have an actual place of business abroad until you get ready to put it

there. It will always be an American corporation, with its articles of incorporation in New York or in Washington.

MR. LATHAM: Is there a provision in that charter which gives it the appearance of a Federal Charter?

MR. MONTAGUE: No. You incorporate under the laws of Delaware and Maine or any other place you want, just as you do now, and having done that you can have all the latitude that any state can give you if you simply register with the Federal Trade Commission. Then they will have a list of everybody who is going to get these unusual rights of combination which other people do not have. That is the only purpose of registration, so that there will be on file somewhere a list of everybody who is going to do these unusual things which heretofore have not been permitted.

MR. LAWRENCE: I move a vote of thanks to Mr. Montague for his very able presentation of the very interesting subject.

The motion was seconded by Mr. Arthur H. Lowe and carried by a rising vote.

MR. MONTAGUE: I want to thank you very much and I assure you that your questions have taught me more than I could possibly teach you in my answers.

THE CHAIRMAN: The very object for which group discussions are established in our organization is for the purpose of giving a latitude to discussion and to questions that may be put to the speaker after he is finished; and upon rising and asking a question will the gentlemen present be good enough to call their names in order that the reporters may get an intelligent report of the proceedings?

The next address, gentlemen, will be by Mr. George A. O'Reilly of New York, on "Providing Credit Facilities for our Foreign Trade." I do not know anyone more competent to advise you along this line than Mr. O'Reilly, and I am sure you will hear him with pleasure.

Mr. O'Reilly's address was brief but pointed, practical and suggestive. Those present listened with keen interest and many valuable hints were gained as to foreign credits.

absolutely nothing inconsistent about intelligent planning on the part of all business interests, in order that we may not flounder about when the situation changes. Our "stake" in Latin America certainly demands constructive planning at this time, war or no war.

The exports of American textiles to Latin America have grown rapidly. It is reasonable to believe that a good share of the business can be retained, but our future there is dependent upon the factors that have been discussed above. We may be sure that the insidious propaganda against the United States, which has been particularly powerful in Latin America, will be continued, and it is incumbent upon American business men to face this problem, and overcome it as they have so many others. Unfortunately a great majority of American business men still have to be educated to the danger of this foreign propaganda.

There have been some recent developments which are extremely satisfactory in connection with Latin America. One of these is the establishment of discount banks. These will help exporters to grant the long credit necessary to satisfy foreign buyers. The branch banks which have been established in the chief Latin American cities by some of our leading banking houses are other causes for reassurance. It is very essential, however, that all business men be made to realize that export trade is today an absolute necessity, and that the danger of overstocking the domestic market must be faced. It is clearly evident that strenuous efforts must be put forth to educate the American business man to this effect.

The Webb-Pomerene Bill, which was signed by the President, will make it easier to meet the syndicated competition from abroad, and will help us to hold the ground that we have won. Surprising as the statement may seem, there are still a great many business men who are indifferent to this act, and who must be educated to its advantages. It is questionable whether the numerous benefits which will accrue to American business, if this act is properly used, are understood by more than a very small percentage of American business men. To insure the fullest success in its operations there must be developed a greater amount of team play and of willingness to work with one's competitor. Obviously, the necessity for the utmost frankness in this proceeding is a prime essential, and petty jealousies, which still mark the relations between competitors, must be forgotten.

A prime essential to safeguard our "stake" in Latin America is co-operation between business men and the government. This can find expression in different ways. One of the most promising would be the organization, by various lines of trade, of representative committees prepared to work in full harmony with the government. These committees in turn could appoint field agents to be located at important points abroad. The expenses of such agents might well be shared

between the various industries and the Bureau of Foreign and Domestic Commerce.

The duties of the field representatives would be to keep manufacturers constantly in touch with the developments in their districts, to put forth the general advantages of trading with the United States, and to act as trade scouts in general. Such representatives might be located at strategic points, for instance, one in Buenos Ayres, whose territory should include the East Coast of South America, another in Santiago, Chile, who could cover the West Coast. Still another might be located in the West Indies market, for instance, in Havana. A fourth might operate in Central America and Mexico. Such an arrangement would be a great aid to exporters, and through them to business generally.

There are still other essentials to properly protect our export interests in general, and especially, our "stake" in Latin America. One of these would be the appointment of a representative committee of business men, to sit in Washington, and to advise with the Bureau of Foreign and Domestic Commerce. The advice of such a committee, which would naturally include experts in different lines of trade, including exporting and importing, would result in a more intelligent development of our foreign trade. In no place would the effect of their advice be more strongly felt than in Latin America.

In the meantime, at this the most critical period in our history, it behooves every manufacturer to be extremely careful in the attitude he assumes towards Latin American buyers. It is obviously necessary to take no undue risks, but, if we are compelled to decline orders, we can at least be very circumspect in the manner in which we do so. It is very easy to point out to Latin American buyers, and all others to whom we must write, that they are as vitally interested in winning the war as we ourselves, and that any difficulties in the execution of orders, or the shipment of goods, are caused by the war, which is theirs as much as ours. There is certainly no use in assuming a tone which will reflect on our government and furnish the best kind of propaganda material to the enemy.

There is also another matter in which we need to take an interest if we mean to guard our "stake" in Latin America. That is, to educate our own fellow-citizens in Latin American affairs. The necessity for this campaign is obvious, when we consider the great ignorance that prevails regarding the subject. On the other hand, it is equally necessary to put ourselves before the Latin Americans in the very best light. The kind of propaganda which Germans have been carrying on there emphasizes this need. In order to accomplish this we must co-ordinate all efforts and take advantage of every possible medium which can be employed. In this work, export trade papers, our American Chambers of Commerce in Latin America, the Latin American press in the

United States, are among the means at our disposal. The pushing of American trademarks, the featuring of standardized goods, the demonstration of what American manufacturers have accomplished in export trade, are all essential features of the same program. Nothing must be left undone which can contribute in any way to bring about the best possible opinion of the United States in Latin America.

In Latin America, as in all other parts of the world, the United States will never win its "stake" unless it thoroughly educates all those engaged in foreign commerce regarding the people with whom they do business. The vast army of young Americans who will in the future look after our export trade, should be made to understand that to be successful in foreign trade requires much study. They must know about the modes of life of the people to whom they wish to sell, their forms of government, and the countries in which they live. We need to establish extension courses for young men and women already at work, in order that they may have opportunities to gain this knowledge which is essential to a successful and permanent export business. Furthermore we must encourage the sending of our very young men to Latin American countries, for in no other way can they familiarize themselves with conditions there. Our greatest possibilities in the Latin American field can only be achieved by a great composite program into which all the details outlined above must fit. If this program is fully carried out there need be no question about our maintaining our "stake" in Latin America.

THE CHAIRMAN: Mr. Daniel E. Douty of New York will speak upon "Our Trade in the Orient." Mr. Douty is just back and brings you a message from the foreign countries and doubtless his address will be very interesting.

MR. DANIEL E. DOUTY

Mr. Chairman, having had some experience in conventions and realizing the position of a person on the last end of a very long program, I have tried to express my appreciation of the opportunity to address this joint meeting by preparing a very short discourse. I have here five typewritten papers and I will not keep you but a few minutes. I would like to say in explanation that the impressions I am going to give you were acquired as a business man traveling in China and Japan last summer and have no official significance whatever. I was in the interior of China back of Canton when war was declared and have only recently entered the service of our country.

(After giving some significant facts about China Mr. Douty took up the transportation question.) He said:

In closing I want to treat the fourth item very quickly. In China most of the railroads are under one nation or another? You go from Hong Kong to Peking over a French railroad and you go from one city to another over an English railroad; you go from Harbin down to the point of Corea over a Japanese river. In every open port there are foreign concessions in which are located the residents and business of that particular nationality owning the concession. The police regulation, the taxes and everything are governed by the home country. Foreign trade is a portal, we will say much like that door over there; it is closed by a bronze door upon which is the escutcheon of every nation—from the inside. From the outside it is closed by a wicket made from the hardened steel wires of trade competition. The diplomatic representatives of the foreign offices of the countries can make arrangements and do make arrangements by which the inner bronze door is opened, and generally it is understood that the country then has the "open door." But unless the wicket composed of the hardened steel wires of railroad rebates, traffic concessions, transportation priority, subsidies of any type and all types, remission of rents, remission of taxes, etc., are removed, the wicket is closed.

Now the bronze door of diplomacy may be open, but unless the wicket of trade turns, of trade conditions, is likewise opened, you cannot trade in the Orient. Open the wicket of China and of all Oriental countries to the American manufacturer to the American business man; give him equal opportunity, and then if he cannot meet the competition we will be perfectly willing to take off our hat to the Nationality who can and we will be very glad to see it and enjoy the trade. (Applause.)

THE CHAIRMAN: The next address, gentlemen, is by Mr. Frederick A. Halsey of New York, "The Metric System in Export Trade."

MR. FREDERICK A. HALSEY: Mr. President, my paper is in type where everybody can read it who wishes. The time is getting late and it seems to me we had better omit the reading.

Mr. Halsey's conclusions, as summarized, after citing conditions existing in other countries, notably in South America, are as follows:

Reviewing the above outline of conditions; do you think that the introduction of the metric system in Chile has simplified weights and measures? That it has reduced the work of school children? That it has introduced fewer or simpler ratios? That it has simplified calculations? That the adoption of the system is a short and simple matter?

Do you not see that this record of experience nullifies and inverts every claim made for the adoption of the metric system? The metric party claim for a partial use of the system, a partial benefit, but do you not see that partial use means everlasting confusion?

Meanwhile, how much respect can you have for those who have assured us that South America is purely "metric"? That a country can change its weights and measures almost over night? That the people of South America "have forgotten their old units," and that "our units have no meaning to them?"

How much respect can you have for the Bureau of Standards which, with unequalled opportunities for investigation, has made none, but, on the contrary, has assumed anything to be true that it wished to have true, has stamped these assumptions with the seal of its authority, and has presented them as facts, in order to deceive the public and influence legislation at Washington?

In conclusion, the adoption of the metric system here would be a hundredfold more difficult than it was in Chile because of the development of manufacture. To attempt to change the weights and measures used by our industries would be one of the most hopeless tasks ever undertaken by human hands. I am sorry for the man who thinks it can be done. You may ask then, why do we fight it? Because, while you cannot change our weights and measures, you can do a much worse thing—you can partially change them, and bring about precisely the condition that obtains in Chile.

Even if all the countries which are called "metric" had adopted the metric system, which none of them have done, it would have no significance for our guidance because of the greater importance of our manufacturing industries at the present time. France adopted the system before the beginning of the manufacturing era, and Germany adopted it before the development of manufacturing in that country. Everyone knows that the rise of Germany as a manufacturing nation began after the war of 1870. South American countries are not manufacturing countries. More manufacturing is done in the city of Philadelphia than in all South America.

We see then that in Europe the system was adopted before the development of manufacturing, and that manufacturing has developed with and in it, while in South America practically no manufacturing is carried on.

Great Britain and ourselves are the first to be asked to change our manufacturing units for which there is not a shadow of a precedent. We are asked to pull up by the roots and tear asunder the warp and woof of our industrial life at a cost which no man can estimate—much less measure.

For a century and a quarter, these matters have been in the hands of doctrinaires who have produced the worst system on earth for all

practical affairs of life—system so bad that no one will use it unless he is compelled to do so. Nowhere has it made progress in industry and commerce, except by force of law. It is time for manufacturers to say to these meddling scientists—"This is our subject, not yours—hands off!"

MR. ELIOT G. MEARS

Mr. Mears, of the Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C., spoke as follows:

In the brief time allotted to me, I wish to confine my talk to one of the most important phases of foreign trade. I refer to the extent of the foreign markets. It is important at the outset for every manufacturer and every exporter to have firmly fixed in his own mind the exact situation as to foreign and domestic markets for cotton manufacturers. We know that in normal times our exports are comparatively small. We also know that our spindles are more active than ever before. This means that we must look for new outlets, and new outlets are only to be found in export trade.

There is a tendency among some exporters to think only of South America and to forget the rest of the world. If I were to judge solely from articles that appear in export journals and speeches at some of our export trade conventions, I should assume that practically all of our exports went to South America. In case any of you may have this same idea, I refer you to the reports prepared by the special experts of the Department of Commerce. Mr. Ralph M. Odell has stated that in normal times the total cotton goods imports into Straits Settlements, Dutch East Indies and Siam are nearly as great as to all of South America. And I should not fail to mention British India which in 1914 imported over \$200,000,000 worth of cotton goods of which the United Kingdom supplied over \$190,000,000. Although the market is wide and important the United States does not figure to any extent in this valuable Far East trade. There are many widely scattered markets in the world and it is unfortunate if success or failure in any market or markets would deter anyone from looking also elsewhere.

Of course there is no feature of our export trade that is more vital than the character of the competition we must face. It is apparent that Japan, although small relatively in her number of spindles, is nevertheless taking large strides. We hear of England's plans for after the war, yet it cannot be denied that her activities are largely due to Germany's plans and to the rumors which have been reaching her of the promotion of our large banks and co-operations interested in export trade. Foreign countries are kept fully informed regarding the Webb bill. It is the old story of each nation failing to realize its own strength

and at the same time becoming excessively alarmed over rumors reaching it from foreign countries. I believe that after our new merchant marine is on the seas, and providing a wise export policy is adopted, then our manufacturers and exporters will have at least an even chance in foreign world markets; and I believe that that is all that any American asks or expects.

THE CHAIRMAN: Now, gentlemen, in these group meetings it is our custom to throw them open for discussion of the papers, and we shall be very glad to hear from any of you who wish to discuss the papers that you have heard this morning. We would like to hear from Mr. E. B. Corbin of New York, on "American Opportunities in Russia." (No response). The next will be Mr. J. G. White of New York, on "Properly Organizing for Foreign Trade."

REMARKS OF MR. J. G. WHITE

Mr. Chairman, Ladies and Gentlemen: I wish I might do as one or two of those before me had done, and that is to move that the paper be accepted as printed. But I have not a set address. I came here at the invitation of your secretary. I feel that I should explain my status in regard to wearing this button. I am wearing the button because it was offered me by a pleasant and polite young lady. I thought being invited here would permit the camouflage, so I have it on.

My being here is similarly due to the request of your secretary, and that request further asking me to present the resolutions which I presented as a representative of the Merchants Association of New York at the recent annual convention in Chicago of the Chamber of Commerce of the United States. The gentlemen who have preceded, including the one who spoke about the opportunities under the new Webb Bill and Mr. O'Reilly who spoke as to foreign credits, and the gentleman who has just spoken about possibilities in the Orient (Mr. Douty) have all presented arguments in favor of the resolution that I propose to present and ask you to consider, and that is that there be a governmental agency which should study the possibilities of foreign trades, the best methods by which our resources and commercial organizations can be co-ordinated so that after the war when this stress of hard competition is actually at hand, we may be working under such favorable conditions as our own conditions will permit and will not be handicapped by the fact that we are unprepared and have given no thought to the subject. I suppose none of us have any doubt that we would be much better off today if before we went into the war we had begun making some preparations by getting some artillery and some

aeroplanes and so on in advance; but we were negligent in that, but that is no reason why we should be negligent in this other matter.

It has never been the policy of our government to encourage foreign business or in fact any business actively. Whether the party in power has been Republican or Democratic has not mattered particularly so far as co-operation in foreign trade is concerned. But it seems that when other nations are studying and when we must be assured and are certain that conditions after the war will be exceptional, there ought to be some governmental agency which would be studying the problems and which would co-ordinate information which is now in government departments. The tariff commission has certain information. The Bureau of Foreign and Domestic Commerce of the Commerce Department has certain information. The State Department has certain information, the Treasury Department has certain information. The War Trade Board is another active newly created body. But there is no body which either has for its function and duty the correlating of this information or which has any authority to ask a department for this information. It is for that reason that the Merchants Association of New York believes that there should be a commission appointed by the Government, perhaps by special legislation, but which would have authority to correlate and study in a broad way the possibilities of foreign trade after the war. Looking to that these resolutions were presented at the Chicago meeting.

RESOLUTION PROPOSED

"WHEREAS, radical changes are taking place in the economic and commercial relations existing between nations, which will vitally affect the trade of the United States in old and new markets; and

"WHEREAS, other governments are planning and preparing to meet the new conditions and relations in a manner which will best safeguard the trade interests of their peoples; and

"WHEREAS, unless effective preparatory steps are taken by our Government the Nation cannot be in the strongest position to meet the problems which will inevitably arise; and

"WHEREAS, even though the conditions and the vital factors affecting such plans are constantly changing and fluctuating, the assembling of data and knowledge relating to the basic facts upon which any intelligent and thoroughgoing policy or procedure must be founded is immediately desirable; now, therefore, be it

"Resolved, That there should be appointed or created an appropriate type of advisory board or commission composed of men of such recognized standing in the industrial, commercial and financial life of the nation as to insure effectiveness and impartiality in meeting the tasks of the board, and inspire confidence in its judgments and recommendations; and be it further

"Resolved, That the duties of this board broadly summarized should be as follows:

(a) To collect and analyze facts concerning the productive, industrial and distributive business of our own country in their bearing on foreign trade;

(b) To conduct a careful study of the conditions in other countries and steps which are being taken by such countries to meet changing economic and trade conditions in so far as they may in any way affect the trade interests of the United States;

(c) To make a critical analysis of existing trade treaties;

(d) To report these facts from time to time to the Administration; to recommend economic policies in regard to foreign trade; and to assist by advice and counsel in any readjustment of our trade treaties, or in the formulation of any new or additional trade agreement or relations with foreign nations; and be it further

"Resolved, That a copy of these preambles and resolutions be forwarded to the President of the United States, the members of his Cabinet, and all Senators and Representatives."

I would suggest that if it meets with the approval of this convention and if you think that any such commission is advisable and would be advantageous to the foreign trade of the country after the war, that probably the most effective method of assisting the bringing about of such a course will be for you to pass some such resolution, redrafted as you like, and then for your individual members to use their direct acquaintance and influence with members of congress so that some such action may ultimately result.

MR. ALBERT GREENE DUNCAN: I move that the resolutions presented by Mr. White be referred to the resolution committee for their consideration and action.

Motion was seconded and carried.

THE CHAIRMAN: Gentlemen, the next discussion will be led by Mr. Ralph M. Odell, Manager of the Foreign Trade Department of Amory, Browne & Company of New York.

MR. RALPH M. ODELL

Mr. Chairman, it is getting pretty late and I expect everybody is as hungry as I am. I will speak but a few minutes. I feel more like speaking on the Liberty Loan than I do on foreign trade, but at the same time I feel that there is a parallel case in it. The success of the war is dependent on the Liberty Loan, and the success and stability of our industries is likewise very much bound up in the question of foreign trade.

Since I last had the pleasure of meeting the association I have spent three years in the Orient in behalf of the Department of Commerce to study the cotton goods trade, and I only want this morning to bring back a note of optimism from that trip as to the future possibilities with reference to our own trade. There were many times on that trip when I wished many of you with whom I have talked individually and collectively to be with me and see the enormous possibilities and the enormous volumes of that trade. Many a time in Calcutta, where I spent four months, I wished you could have seen in that port something of the activities in the cotton goods trade. It is a fact which very few people know that the port of Calcutta alone imports more cotton goods than any country in the world. Before the war this trade amounted something like a billion and a half yards, valued at \$100,000,000. I have thought, too, when I was up in Northern India, up on the outskirts, around Cashmere, and some of those out-of-the-way, God-forsaken places where I felt as if I was never coming back, If I could have taken you around to the little bazaars and had people who could interpret some of those strange signs and told you "that means 'American prints for sale.'" I have often wished, too, that I could have taken you down into Java, a little island that we think of as very insignificant, looking like a little spot on the map, yet it has a population of fifty million people in an area of three hundred thousand square miles, who import forty million yards of piece goods in a year, which is more than the whole of Argentine. When I was out there I tried my best to find the piece of American cotton goods and I took a kodak along to take a picture of it, but I was unable to find one. During the last year we exported over two million yards to Java. It is true that much of that trade has come as a result of the war, which may be more or less to our discredit, because the people bought of us because they had to buy, not because we went over there and showed them the goods or made the proper effort to sell them. But the fact is that there are a number of concerns that really have made active, strenuous efforts to get some of that trade, and I want to assure you that as a result of the four months I spent in Java and India a good deal of the trade that we are getting in the war we shall hold after the war. We all know the high quality of American cotton piece goods and I want to assure you that nobody appreciates more than the foreigner, and there are plenty of people in these countries, poor as those countries are, who also appreciate the quality and are going to buy it after the war when they have found it out. Just one little instance before I close, because I just want to make a few rambling remarks about my trip. The day I left Bombay there was quite a delegation of Hindus from up at Delhi whom I had known there very well, who came down to say good-bye to me as I was sailing. They were all eager for me when I got back here to carry a message to the American cotton man-

manufacturer that they wanted to buy more American goods. It came down to a very simple illustration. One of the young fellows who has been buying prints from this country for many years just took hold of his shirt and said, "I have had this shirt one year; it was American piece goods. The color never go, quality very good. I wash many times; always good; more better than Manchester." That was the way he expressed it in his simple way, and yet there is a whole lot of meaning in that to us people over here who are trying to supply those people. There are a lot of people like him and their trade is growing and we are getting, I think, new lines, lines which we never thought we could make, before. In China we are selling piece goods, bleached goods, and getting away from the old idea that we could sell nothing but unbleached goods and sheetings and jeans and goods of the lower grades. That whole market is usually something like a \$100,000,000 worth of goods a year. Let us all keep this in mind and do our very best as we can work along our own lines to get a bigger share of it than we have had in the past.

THE CHAIRMAN: The next gentleman will be Dr. Edw. E. Pratt, former Chief of the Bureau and Domestic Commerce. Is Dr. Pratt present? (No response.) Mr. Dudley Bartlett of the Philadelphia Commercial Museum? Mr. C. A. Youngman of New York? If these gentlemen are present we would be glad to hear from them. Mr. Chauncey Snow of the Department of Commerce?

MR. CHAUNCEY SNOW: I am here but I don't believe I have very much to say. I think Mr. Odell has given a message that is timely and that is that American goods have some permanent demand in the Far East. They always have a permanent demand in other parts of the world and it is up to the American manufacturer to go into those markets and supply that demand. That is all I have to say.

THE CHAIRMAN: Is Mr. Howard Richards, Jr., Secretary of the American Metric Association, present?

Mr. Richards was then presented and spoke for a few moments describing the simplicity of the Metric System of weights and measures.

THE CHAIRMAN: Gentlemen, the next address will be by Mr. C. A. Hall of New York (No response). Mr. James Ashworth, of New York (No response). Mr. C. A. Greene, of New York.

MR. C. A. GREENE

Gentlemen, at this late hour I am not going to talk much to you; I just want to bring one message. The topic for the group session here was "America's place in world trade." Now it seems to me that the place is just exactly what the American manufacturer chooses to make it, and it seems to me that the difficulties that have been suggested along various lines are simply things that exist to be overcome, and you can overcome them.

In speaking of the trade which has been so eloquently described in many ways, the introductions of many of our lines of goods have been made during the last two or three years. Not from any love of ourselves but because people had to have our goods. It meant that the goods have been introduced into markets where they have been little known before, and it is just a question whether our people choose to hold those markets or not.

One or two changes have got to be made in the system of doing business. The matter of credit has been mentioned two or three times here this forenoon and some of the difficulties that are supposed to be in the way of getting proper credit information about the people abroad. It must never be forgotten that there are just as good people to trade with outside of the United States as there are in it, and the means that every man in this organization chooses for getting knowledge of possible buyers is available for him in his foreign trade. American agencies are established everywhere in the world and are at your service, so that it is just a matter of what the manufacturer chooses as to how much of the trade that is now coming to us that we are going to hold. Mr. Chairman, I thank you.

THE CHAIRMAN: Gentlemen, if there are any of the speakers who have papers prepared we will be very glad to include those in our Proceedings. We have had a very delightful morning and very interesting discussions and addresses. This closes this group session.

MR. DUNCAN: I move that the thanks of this meeting be extended to all the speakers of this morning for their very useful and interesting information and talks they have given us.

(The motion was seconded and carried, after which the meeting was adjourned.)

THIRD SESSION

Thursday, May 2, 1918.

JOINT SESSION

Chairman Albert Farwell Bemis, Presiding.

The Chairman called the meeting to order at 2:30 o'clock, p. m.

THE CHAIRMAN: Some of you have perhaps heard me refer to the elaborate problem previously, as being a problem that we as manufacturers devote too little attention to—perhaps I should say too little intelligent attention to—as it is a problem to which we are bound to devote serious and continued attention.

The National Industrial Conference Board was organized about two years ago as a Board representing a number of national manufacturing trade associations, associations of employers, for the purpose of research work in labor problems, with a view to a determination of facts in relation thereto, and to the dissemination of those facts in channels and in sections where the problems seemed to call for such distribution; and if I may use the word, "education."

Mr. Alexander, to whom I will turn over this meeting in a minute or two, is the Managing Director of this National Industrial Conference Board. Mr. Alexander is a man than whom I am sure we have not in this country a more thorough and loyal American citizen. He, unfortunately, if I may use the word, spent the early part of his life in Germany in the German universities; in consequence of which he acquired a certain twang, which has continued with him ever since, and which he cannot drop, and which he is in these times naturally a little sensitive about. Do not think he is the least bit German in his spirit, for he is as thorough and as loyal an American as we have.

A week or ten days ago I was here in New York myself at a theater, and they had one of those Liberty loan rallies, and

after they had gone \$5,000 or \$6,000, the man leading the rally told of German-Americanism and how he was sure if there were any German-Americans in the audience that they would prove that they were as loyal as anyone else; of course up got a German-American, with a twang, and he added a couple of thousand dollars to the rally's loan; and then they called for more, and I waited a little while, hoping I would not be put in the same class. Then not knowing it was necessary to wait longer than I did, I asked if any bank in America might be mentioned as a reference; and then made my subscription. In the paper the following morning in reading a description of the event, after referring to this German-American, it said: A man near him arose, with a strong Teutonic accent, asking if any American bank might be referred to in his subscription blank. (Laughter.)

There is one feature of the National Industrial Conference Board, now that I have this opportunity, which I would like to call to your attention, and that is the weekly news service. There will be copies of latest issue for distribution tomorrow if not today. They are distributed to most of the members of the National Association, I believe, and as a result of the subscription to the Survey. There are some of our members who have found them of particular interest to their employees. One concern subscribes to one hundred copies of each edition, for distribution to those in the management, and I would like to call this to your attention, if you have not seen it before, as I feel you will be interested in it; it contains the industrial news contained in the newspapers of the country.

There is one other personal matter in connection with Mr. Alexander which I should mention. He has been quite under the weather for the last two or three years from overwork, and he is supposed to be taking a vacation now. Well, this is the way me does it. That is the trouble with him, probably.

I hope you will be easy with him, so to speak, and not ask or expect too much of him in presenting this matter to you under his condition. He has an exposition of the Labor Problem which I believe is absolutely new, and I think it has never been

presented in this particular way, in public, anywhere before. And I am sure you will all be interested and will feel you would not have missed this opportunity for anything.

Mr. Alexander, I will turn the meeting over to you now. (Applause.)

MR. MAGNUS W. ALEXANDER

Mr. Chairman and Gentlemen:

My promise a few months ago to sketch to you the elements of the Labor Problem was based on an assumption that I could take one of the many charts of the many labor problems which had been published by the Professors of Economics, and then discuss with you some of its important phases. With my mind at peace, I let the matter drop until a few weeks ago, when to my great astonishment I learned that no chart of the labor problem has been published. I saw some professors about it and they professed that they did not know, to their own amazement, of any chart on the Labor Problem. So it was up to me, if I may be permitted to make that remark.

I have been at a sanatorium for the last four weeks, and I have prepared a chart of the Labor Problem while there. The spirit moved me, and the doctor did not interfere. I will show you what I consider to be the most important phases of the problem, and point out here and there significant features, so that in the subsequent discussion, which I hope will be lively, and not with the intention of making it easy for me, you may help me to bring this chart nearer to perfection, if, as it may be, that this is the first time that the elements of the Labor Problem have been published this way. Therefore, I appeal to you from that point of view.

Most of you have heard the story of the six blind men of Hindustan. It was a story written some time ago. The six blind men of Hindustan agreed to study by touch an elephant, and to describe the entire structure of the elephant. The first one moved forward along the side of the elephant, and he said in his description of it that it was like a house or a wall. The second one started at the tail, and the one who had the tail as a starting point said that the elephant was built like a rope. One came in contact with the leg, and he said I am sure it is built like a tree; and one who felt him by the trunk, he thought the elephant was built like a snake; then they all came together, and each was in his particular way right, and yet no one of them was right in full. That is exactly the condition here. We look this Labor Problem at the part which interests each particular one of us; and like the six blind men of Hindustan, we think the whole problem is like the little portion which has interested and been felt by us.

I trust I may therefore be pardoned for presenting to you the whole, in order that as seeing men we may view the whole animal at one time and be sure of its structure, and then whenever we view that particular part, because of its appeal to us at the time, we may look at it with reference to the whole.

WHAT IS THE LABOR PROBLEM?

Now, first what is the Labor Problem? As I conceive it, aside from the elemental object which we have in common with animals, namely of reproduction and propagation of life, the chief object of life is work; so that we may produce the things with which to sustain life in ourselves and for those who cannot, for one reason or another, cannot produce these things for themselves. The relationship in this common work of one to another, and one to all, creates the Labor Problem; and it has three aspects, a social, a political and an economic aspect.

The social aspect regulates the conduct of man in and to the community in which he lives and prospers and out of which comes the common law of the moral or legal kind.

In its political aspect, it relates to the position which each worker has toward his Government and to the position which the Government takes in supervising labor conditions, so that the moral and physical fibre of the community may not be undermined. And out of that goes the body of economic laws.

And, finally, it deals with the relationship of employers, with those they manage, and that is wrongly called the Labor Problem. It should be called the employment problem. That, I think, is the genesis of the labor problem, with its economic phases, the employment problem.

Taking the latter as the one which would interest us particularly it seems there are five phases of importance:

Labor supply, labor efficiency, labor remuneration, labor or working conditions, and the social conditions as far as they affect the workers either in the factories or in the mills, or indirectly.

FIVE DIVISIONS

There are five divisions, let me repeat them:

Supply of labor in this country, efficiency of labor, remuneration of labor, working conditions and social conditions.

I shall now attempt under each heading to point out the high-lights, symptoms, giving some derivations, but in the main, confining myself to the high-lights.

First: Taking the labor supply in the United States, we have to deal with the natives and with foreigners. Foreigners may be residents of this country, they have been here for some years, or they may be recent immigrants. If they are recent immigrants, then immigration laws must be studied.

And then we can divide them into English speaking and non-English speaking people. If they are English speaking people, then it is our duty to take up their education and teach them to express themselves in our language. We have to study the race characteristics of the foreigners, for it would be obviously foolish to take the Russian Jews and expect of them good high grade mechanical work.

In either case, whether they are English speaking or not, we should put them all through the process of Americanization, so they may learn and appreciate the ideals of this country and live and work in conformity with the spirit of those ideals. When the foreigners have been Americanized, then to all intents and purposes they are on a parity with the American natives. Then, the only division is into men, women and minors.

In connection with the women and minors we have to study the special labor laws relating to the hours of work, and the class of work they are to perform, and the conditions under which their labor is to be performed. Having now established the problem in its elements, the supply of labor in the United States, the next function to tap that supply, to find the sources of that supply, and these seem to be had by private solicitation, and public solicitation and employment bureaus, and advertising. Advertising is in newspapers and in magazines; the solicitation is through correspondence and through our agents; employment bureaus or the other source, they may be of three types, private and commercial employment associations; the private non-commercial may be those of the individual employers, or of an association of employers or of labor unions or of charitable institutions.

The public labor bureaus may be divided into Federal, State and Municipal Bureaus.

That now gives us the source of the labor supply.

Our next function is to select from those sources the laborers we want, and that selection is by examination and record. Examination is by interview and test, mental and observing them physically; and record is on two lines, namely a man with experience in a given line of work, we want him for his character in other employment, that will be a guide to us. His experience we can learn from his previous employers, or by trial, as in the case of a stenographer or a high grade mechanic. The character from his previous employer; the recommendations he may bring, they will help a great deal. These elements complete the division of the labor supply.

The next step after the selection of the man for our employ, is to assign him to a job, and the assignment to the job is merely a part of the job of efficiency or labor for much depends upon assigning him to the right job, and watching him on the job.

There is nothing special about assigning to the job. It is the connecting link between supply and efficiency. After the fitting of men

to the job, we must differentiate between work conditions and work methods. We must first introduce them into working conditions by instructions that may be verbal or printed, in order that the workman may know when working hours commence and when they are over; when pay day occurs, how he is to be paid, who is his superior, and matters of that kind. We must introduce him to the ideals of the institution, and the more pains we take at the beginning in introducing him to the ideals of the institution the less future trouble there is.

WORK METHODS

As to the work methods, we must differentiate between skilled and unskilled labor. If he is a skilled laborer, then guides and occasional instructions as he proceeds with the work is all we can do. If unskilled, we must consider whether he is an adult or a minor. If he is an adult, we can give him instructions, lasting for weeks or months. If it is a minor, we can give him a regular course of training, through regular training courses and an apprenticeship system.

After we have introduced him into the work conditions, we must watch him while he is at work, and that is done on two lines. First, to the general supervision whichever a man gets while he is at work, and secondly, the keeping of records, such as records of attendance and his habits while at work and what he performs. We want to know when he goes to work, and his attitude toward the other workers and toward his superiors; and as to his performance, we want to know how well he performs his quantity of work and what the quality of it is. We want to know his accuracy and his speed, all to the end that we may promote, demote, transfer or discharge the man. We promote by giving higher pay and transferring them to a higher position. We demote by lower pay and transferring them to a lower position. We transfer on either of the two conditions just outlined, or we discharge him. That seems to constitute the scope of efficiency under the general employment problem.

REMUNERATION

Where it reaches the question of pay, it naturally connects with the third condition, that of Remuneration.

Now, remuneration of labor can be either along lines of wage, or supplemental wage. The wage can be for work performed, when it is piece work and its modifications, or by time spent, such as by the day, hour or week, or it may be premium system, sometimes called a sliding-scale system, and this previous system is based on the time a man works in the performance of a piece of work, or on the work done within the given time allotted to him. And in either case the extra pay can be on a straight or differential basis. Under these come in the

various systems of which you know, the Halsey System, the Taylor System, the Gantt System, and Harrington System, and other variations, all based on the time condition.

The supplemental wage method can be had by bonuses, pensions, insurance or profit sharing. The bonuses may be like a gift, at say, Christmas time or New Year's, in the will of the employer, to the amount he sees fit. It may assume the form of a paid vacation, a system which has been introduced in industrial establishments within the last few years, which I commend your attention to. It has been a general practice for men to have a paid vacation for six or seven months. A man should never be given a vacation with pay. The injustice may be seen by this: Here is a minor clerk, who it may be through your fault, or your pleasure, that he is still with you. He is given a week or two vacation, without having particularly contributed to the success of the concern; without your having any assurance of his loyalty that he would not be pulled out if he could get \$2.00 a week more from some one else. Another thing, you may have a highly skilled mechanic, whose labor may contribute largely to the profits which you made in your business. He has contributed largely to the money which you have made in your business. He is valuable and loyal to you and he cannot be tempted away from you for a couple of dollars offered to him anywhere else. You do not give him any vacation, and if his perfunctory mother-in-law dies occasionally, you give him half a day's vacation and take it from his pay.

Now, whether anyone should be given a vacation with pay must be a problem which exerts a very wholesome influence on the morale of the whole establishment. Some concerns give a week's vacation after ten years of service. I believe the man with two years service should get one day, four years service two days, up to two weeks as a maximum. It pays to do it. I would like to have you think of that as one system of bonus payments. They may also be paid by supplemental wages, either to match the rising cost of living or to match the increase in the prevailing wage scale of the community, or it may be given for regularity of attendance. If fifty-four hours a week is the regular time for work, then every man there fifty-four hours on regular time is paid five per cent, extra wages, let us say, for that week. Nothing of course is given for overtime. That has proved a very sensible undertaking.

PROFIT SHARING

Another form of supplemental wages is that applied in the pension system, after attaining a certain age. And still another form is that of insurance, such as a promise of life insurance after a certain number of years, or accident insurance whenever an accident occurs, and he is disabled on account of it, or insurance against unemployment, if the falling off is due to the falling off of orders and production.

And, finally, there is the profit-sharing. Now, a great deal can be said about profit-sharing. When it is all summed up, however, I venture to say this will be the conclusion: no profit-sharing system so far introduced seems to fill the bill except in particular cases, for a particular group of people, and not as a broad principle applicable to people generally. But every profit-sharing system so far inaugurated has either the profits of the concern or the total production as its foundation, and the man is given his profit-share in cash or shares of stock or in certificates, in accordance with the profits made by the concern, or the total production of the concern during a specified period.

While I have said that I do not believe any profit-sharing system has been worked out that is capable of broad application to industry, I am even more convinced that our chief effort to meet the growing unrest in industry must be found by an equitable system of profit-sharing, or something akin to it. It is a desire to have a greater share of the profits resulting from his labor which prompts the movement going on all over the world, where industry prevails, and we must meet it by some system whereby on an equitable basis we take some of these profits and distribute them to the workers according to the efforts they have made which contributed to the profits.

I feel strongly on that point. At the same time I feel we do not know anything absolutely about the subject as yet. These elements here, to my mind, complete the problems of Remuneration.

We come now to the work conditions. On work conditions there are a number of elements which can be cited, and I am giving the more important only, namely, the hours of labor, safety, sanitation, light, organization and work tools.

Under "Hours of Labor" we are concerned with the work period—how many hours by day and how many by night. We are concerned with overtime and holidays and with rest periods. Let me say a word about that: To my knowledge Germany introduced the rest periods in factories ten or eleven years ago. I tried to induce some of the employers at that time to introduce it here, but I did not find a friendly reception. In the last two years some very significant experiments have been made in England, and the report of the Munition Inspector is highly instructive. Wherever women are employed in the shops they find it best to give five or ten minute recesses, in the forenoon and in the afternoon, either by letting them take their breath and sit up away from the work or requiring them to get up and walk out of the department by one door and in by another. It breaks up the monotony of work, and the testimony of all is alike that the little loss of time is more than compensated for in the results.

Now that we are introducing women into industry more and more, we hit the experience of foreign manufacturers and others who are dealing with the problem.

Under safety, we must deal with safety of buildings, yard and waste, and the safety of tools and appliances. That all interests the operative as it has to do with his contentment. I once took your time to speak on safety, and you were so good, or so charitable, as to give me a medal. (Applause.) A great deal needs to be done with respect to this list here (indicating on chart).

We are, I might almost say, an unclean people. We do not pay enough attention to ourselves. The tooth brush is a hardly known thing to many people, and yet modern medicine has learned to appreciate in the last few years that decayed teeth cause rheumatism, and render recovery from any ailment slower. A boil on the leg will recover slower when a man has decayed teeth in his mouth. We teach them the value of the tooth brush, and also of well known but little used methods of personal hygiene. In that way they will increase their health, increase production, and sometimes decrease our expense account.

Light is another element of work conditions, and deals with naturally the ordinary light.

Tools, that is something to be considered, whether a carpenter will be given the necessary tools for his work, by the establishment, or whether he will have to furnish them himself.

And then comes the question of oil, waste, and so forth.

And last, organization is one of the important elements of working conditions. That deals with authority, that is a scheme of organization as to foreman, superintendents and managers, to whom the men may have to go to report, and from whom he may expect advancement. These are vital to him in his happiness and working efficiency.

And, finally, there is labor policy of the concern. Whether the concern pays attention to the open shop, or whether it maintains a closed shop. A closed shop may be closed against the union man or closed against the non-union.

The policy of collective bargaining is also to be considered. That does not always imply union recognition. It may be the agreement of the employer, either to bargain collectively with his union or non-union people, or through a shop committee and not through the union.

SOCIAL CONDITIONS

Now, the social conditions: The main features are recreation, education, health, and general welfare. Under recreation come up these points here, indoor functions. Under educational come libraries, lectures, general or technical, and sewing classes for the girls, and the like, which the employer may foster. And the health conditions refer to rest rooms for women, and first aid rooms, for hospitals, and so forth and medical supervision of employees to restaurants and lunch rooms. I have suggested here co-operative buying and selling, and

savings banks, and benefit associations, insurance plans, social clubs, maintained by the employees themselves, and some times by both the employers and the employees.

Now, I maintain that the employment problem subdivides into these five groups.

To what extent should we consider the labor problem in its entirety, and deal with it in each of its important phases? To this end we may secure a low labor turn-over. Secondly, that we may secure a high productivity, and thirdly, that we may reduce the economical efforts to a minimum; all that we may have contentment among our working force. If I am right in stating, as I did in the beginning, work is the primary object of life, aside from the propagation of the species, then I claim the goal of life is to so organize it that it will redound to our own satisfaction and happiness, as well as for our fellow workers, for only when a man is happy in his work—and he cannot be happy in his work unless he is doing work which is suited to his environment and heredity—can he work to best advantage. The question is will he produce the largest amount of work under given conditions, and the problem of reduction of hours will more or less become a problem of economic consideration. So, the employment problem growing out of the labor problem is being studied with all that it means, so as to make labor more efficient, to put labor on a just and stimulating basis, the maintenance of work conditions which are conducive to the health and best efficiency of the workers, and finally surrounding the laborer with social conditions which will develop the inherent spirit of fair-mindedness, the willingness to pull with others, and to obey the orders of those who, for one reason or another, are in the scheme of things put before them. So, to surround the worker with such conditions, constitutes your responsibility and mine, both as manufacturers and as citizens; and if we do it with only a fair degree of satisfaction, we will find our reward in the productivity and in the satisfaction that it gives us to know ourselves that we are doing the job for which we are in this world, that we are doing for our employees what we are here to do by virtue of our better education or the more fortunate circumstances under which we have grown up. (Prolonged applause.)

Gentlemen, it is very kind of you to stimulate me in this way. I said at the beginning, and we all understood that my confinement in the sick room was when I plotted this chart, which under those circumstances cannot be complete. I earnestly and honestly ask you, however, in return for what little labor I have done, to advise me in what respect this chart is incorrect or incomplete, and in what respect it can be advantageously changed. A great deal can be said on each of these topics, but I shall be glad to briefly speak about one or the other points mentioned if they are not clear to you.

After this discussion I wish to present two or three gentlemen to

take up two or three important phases for more detailed consideration. Please do not hesitate to ask any questions.

MR. FLATHER: I want to speak in the highest terms of praise of what we see before us here. We have all seen many attempts at this sort of thing, but I am sure I never saw anything that approached it before. I want to most highly recommend that sanatorium for the rest of us. I am not sure but it would do us all good to go there. This is like finding the help, like getting at the very source of supply.

After getting a source of supply, the next thing is having the supply here, carry out this idea, and we should be trained, and I say that is the second step in any rational modern employment scheme; and it seems as though it will take quite a little while to train us, and it will take quite a long time to train those associated with us on whom we depend to reach the employee. It will take a long time to train the employee to recognize we are trying to carry out this sort of thing, to realize that we are trying to carry it on or anything for his benefit.

Something on the line of helping us to educate ourselves, in the first place, a little more, and how to carry this out, would be a logical step in following it up.

But I want to ask one question before I sit down, and that is where you fit in? I suppose somewhere under Work Conditions, the moral surroundings for women and the boys of adolescent age. That, I think, in shipping help, and much more, is perhaps one of the underlying causes of the present days' difficulties.

CHAIRMAN ALEXANDER: You have hit upon a very important point in our industrial scheme, the management of women. You know what England and France, and to a certain extent, what Germany has done during the war, in replacing men by women. It runs into millions. And stimulated by them, and under the necessity of drawing men into the military service, we have but started to introduce women into factories to a larger extent than heretofore. We will have to go further in that direction. The National Conference Board is now en-

gaged on a study of that problem, and I think within six or eight weeks we will be able to issue a research bulletin, giving interesting information, not only as to the extent to which they are employed, but as to the particular jobs in foreign countries which women now fill successfully, but which hitherto were only filled by men. The testimony of employers as far as it has been gathered is that women are doing very well; that they are usually holding their jobs as well or better than the men who had them before them.

It may be because new brooms sweep clean, or that it is more in the nature of a woman to be loyal to her job. It may be that the influence of organization among working people, which has not reached women to the extent that it has reached men, may be a factor in the consideration.

I have referred to special laws governing their health and morals which have been adopted in several States. You may find that all these laws are strict, but their basis is correct, and often they seem so to you who may be living in States where such laws are not in effect. It may be good for you to study the laws in some States and apply them voluntarily in your surroundings.

But as to surrounding these women with restrictions and conditions such as are suggested by the question, that is an offshoot of authority and discipline. But it is a very important point to be considered.

MR. FLATHER: Under Habits, would you put Morals?

MR. ALEXANDER: Yes; except that I do not like to set myself up as a judge of the morals of others, therefore I put in the words "attitude to others."

CAPTAIN WHITE: In connection with Health, it might be advisable to include not occupations, but what occurs outside of work hours. Not infrequently manufacturers have been accused of overworking their employees, when as a matter of fact the employees themselves have not taken adequate rest periods. In other words, the question of amusement is a very serious one, particularly in large sections of population, where the temptations to long hours are very great, and where the inducements or the living conditions at home are such as to

drive the employees out to seek recreation elsewhere, when otherwise they might be at home and at rest.

In the reduction made in hours by laws, there has been too little attention put to the element of health, and statistics have been founded mainly on conditions supposed to arise in employment, but which do not necessarily arise in employment. So, whatever we may do in our establishments to make for healthful conditions, we must at the same time educate our employees to the necessity of taking care of themselves, and avoiding recreation during work periods, and if possible, arrange recreation periods so that they will rest men and not interfere with their rest. That is, holidays should come at suitable times. Unfortunately our holidays are sprinkled mainly throughout the week, so that they become excessively given to recreation, and result in fatigue which shows itself in decreased production, and in lowered health. We can see when we go to these meetings, we can see the effect here of overwork. (Laughter).

MR. ALEXANDER: I think Captain White has called attention to a very particular point, namely, health conditions outside of the factory. I did not take that up particularly, as one of the speakers will take that up later. But much is laid at the door of Industry which should be laid at the door of Society. There is one example, tuberculosis. Those who do not know say that it is an occupational disease, and those who do know say it is a bed room disease. It is a house and street disease, and not a disease of industry itself.

Now, gentlemen, pitch into it.

THE CHAIRMAN: In regard to profit sharing, Mr. Alexander has stated that it has worked in local spots, and in regard to some occupations, but there is no known solution of the problem of profit sharing. I would like to ask, since he knows the history of profit sharing, to indicate the lines on which a general solution might be reached.

MR. ALEXANDER: I confess my mind is not sufficiently clear on that subject to speak of it. I do not see any daylight, although I am studying it.

MR. T. H. SMITH: I have a little experience in profit sharing which may be of use to the meeting. We established a plan in our factory, of giving to men only a profit sharing certificate. The way we arranged it is this:

A man comes to our employ and he stays a year, perhaps, and we put to his credit on the books \$250, and then he gets the profit on that \$250 which the business renders, and at the end of six months if he is a worthy man, we increase it to \$300, and next year \$350, maybe. By averaging it for three years you get a profit of five, six or eight or ten per cent., whatever it may be, and we give it to him. We put the wages on there, and that is to induce the man to do his very level best. We expect a man to do his very best, to do all he can, to increase production and to limit and decrease waste; and to work overtime whenever we want him, and we do not have any trouble in that way. In this way a man gets his certificate in his envelope and no one knows just what he gets.

If he is a good man you can give him an increase. Some of our men we gave \$1,000 at the start, and one year, I think it was 1907, they got \$1,200 profit. (Laughter). In this way you give a share to them in the profits. If you give them five or six per cent. profit in the company they expect that, but here if a man's certificate is larger than the rest, he puts up nothing, there is no liability on his part, and it works out in that way. That may be a help for some of you. If any members want certificates, I will send them one.

MR. ALEXANDER: Mr. Smith, you have cited one of a number of instances in the profit sharing scheme, and no doubt it works out to your satisfaction, but translate that to the General Electric Company, with its 80,000 employees, or to the United States Steel Company, with its 250,000 employees, and I think you may come to grief. I recognize a number of very laudable efforts like this should be stimulated as they act as experiments; but I am still frank to say that I have met none applicable to the general condition of industry in its various forms.

MR. WYLIE: Mr. Alexander, you touched on the possibilities on the part of employees not receiving the attempt of em-

ployers to benefit their conditions, graciously. I once had an experience in which the employees positively refused what seemed to others to be of benefit to them, and I wondered if in their ignorance, if the employees refused, and they even went further, and did not receive kindly the attempts of the employers to benefit their condition. Just what should be done in cases of that kind?

MR. ALEXANDER: Your singular experience could be matched by thousands of others. That is one of the discouraging elements in doing work for the benefit of employees. It grows partly out of ignorance, but I think still more out of suspicion. There is a great deal to be said on that point. I will not take the time to philosophize, either on the suspicion or the justification of it, or on methods of eliminating it. But I wish to take a long leap forward and say that merely as a thought slumbering in my mind, that before we get through with the right solution of the profit sharing, we may have to introduce some form of participation of the employers in the management of the establishment. Do not be scared by this. It may seem radical. Suppose it is radical, what of it? If it is radical and right, let us have it. If it is radical and wrong, we do not want it. But because it is radical we should not be afraid of it. But, back in the workingman's mind there is a feeling that unless he has a share in the management of the concern, any effort for proper allocation of profits, or any movement in his interests, cannot be on a just basis. And I have a suspicion, that he asks for participation in the management of the concern, that when he does it he does not want to determine what you should buy and how you should sell it, but he wants to determine the work conditions under which he should work, so this problem of participation in the management goes only to one phase of it.

I am not pronouncing judgment, but your question makes me throw out this thought, so that we may think in that direction.

MR. ELY: I have two instances which I think almost parallel what you have just stated. I was connected at one time with a concern which tried to do what your chart shows. In

fact I think very few things on that chart were not attempted by that concern. That concern had a very great deal of trouble for trying to apply almost all of these conditions—labor troubles. It had a great deal of labor trouble.

Another concern with which I was also connected, had what you have last spoken of, and that is, they gave some of the employees participation in the management of the concern; to be sure, not a great many of them, but a certain proportion of them. That concern has had no labor trouble. I believe that is the secret of it.

MR. ALEXANDER: The Standard Oil Company thinks that way, for according to the newspapers they are trying to work out such a scheme. And there are some very interesting elements in it, and I think they are merely elements so far.

Anybody else wish to discuss the matter?

MR. LYELL: You no doubt are aware of a book recently published by Harper Brothers on Profit Sharing, issued in collaboration by Mr. Henry Dennison, of the Dennison Manufacturing Company, and Mr. Kimball of the Plimpton Press, where they have had profit sharing working in a limited way for a number of years, and that they claim they have reached a solution, or something that promises a solution.

MR. ALEXANDER: The book is of such recent origin that it has not reached the library of the sanatorium.

Any questions?

MR. THOMSON: I should appreciate very much a definition of Collective Bargaining.

MR. ALEXANDER: Collective Bargaining will prevail, I take it, under a system under which the employer is willing to have wage standards, hours of labor, and other work conditions in consultation with his employees. In the small shops directly; in the large aggregation, with a committee of his employees; and as I said before, this committee may be composed of chosen men, as in the case of a completely unionized shop, or in the case of insiders, as is the case with a strictly union shop. That seems to me to be the essence of Collective Bargaining.

Now, gentlemen, if we have no more questions on this general proposition, I would like very much to take up another

hour of your time by presenting more in detail two other subjects, on very important phases. One is the hours of labor in their relation to output, and the health of workers. This is a very controversial subject on which comparatively little is known that is predicated on a basis of fact; and yet a great deal of legislation is enacted without a solid foundation on which to base it.

The gentleman who will speak to you on that particular point, and who will make particular reference to the cotton industry, is a student of economics by education as well as by training.

Under President Roosevelt he was Assistant Commissioner of the Bureau of Corporations; and later made a member of the Federal Trade Commission. Under President Taft he was advanced to the position of Commissioner of the Bureau of Corporations—in my opinion the highest officer in an economic position in the Government. He is now a member of the National Industrial Board, and he will speak to you on the “Hours of Labor”—Mr. Lewis Conant. (Applause.)

LEWIS CONANT, ESQ.

I think that Senator Blaine said that if you wanted to kill a man in Congress quickly, you should say some very nice things about him before he made his first speech. I did not expect any such reference as Mr. Alexander has made. I am reminded of the book that was written some time ago, a very interesting book, on “How to Succeed, by One Who Failed.” If I was a labor man I should say that this report of mine ought to be called the “Hours of Work, by One Who Knows Nothing About It.” After looking into it several months I have only begun to scratch the subject.

I would like to say first, instead of telling what it is about, two things that it is not. The investigation is not concerned with a basic work day. The basic work day in which overtime is permitted is essentially a wage problem.

This investigation is not in the nature of propaganda work at all, to advocate any particular length of day. We are simply assembling the actual experience of manufacturers as we find them with different hours of work, whether sixty-six or fifty-two or fifty or forty-eight.

Now coming to the problem itself, it divides itself easily into three main features:

1. The effect of the length of the work day on health.
2. Its effect on output.
3. The so-called citizenship or social factor; that is, regardless of the effect on output or on health, the right of the worker to a reasonable period of leisure for self-development, home life or recreation.

There is only time to touch on a few of the high spots in the few minutes that I am going to take. The health factor, the first, is of course fundamental. You must not break down your workers unreasonably. If society has to pay the cost in higher prices of commodities, then there is no escape from that. The question is, do hours of work affect the health of workers, and to what extent? They must obviously affect it somewhat, but when we come to make an intensive study of the problem, it is exceedingly difficult to arrive at anything that is really satisfactory. There is only time to take a single case, and that is tuberculosis. From twenty to thirty per cent, of the total deaths, among industrial workers of say 15 years of age or more, in a great many industries are due to tuberculosis, and if you take particular age groups which correspond more nearly to the active productive period of life you get still higher percentages. That makes a rather bad showing on its face for industry. If you find thirty-five per cent. of your deaths among compositors or metal workers or painters are due to one single disease, there is a *prima facie* case apparently that industry is largely responsible.

If you turn to another side of the problem we find that Doctor Osler has said that tuberculosis is a house disease, and the public health service, which is somewhat liberal in its views from the workers' standpoint, at least, finds also that tuberculosis is a disease that has a direct bearing upon housing conditions. And in that connection I would like to cite one or two statistics from a Berlin study made some time ago, which showed that forty per cent, of the cases of tuberculosis found in that city were among families living in only one room; forty-two more were among families occupying only two rooms, and only six among families occupying four rooms or more. That shows at once that when you study the tuberculosis problem you have got to go outside the industry. I do not wish to be understood as trying to absolve the industry from any share it bears of responsibility for this dread disease, but it is only part of the story. Is it the housing question? Is it the crowded bedroom? Somebody has said that the number of cases of tuberculosis bore a direct ratio to the number of inches that you raised your bedroom window at night. That is only generalization, and like most generalizations is only partly true. But the statistics in New York and other large cities show clearly that there is a direct bearing between the home life and the disease. But is it bed room or is it the general standard of living, or does it come back to industry again in the form of a rather low wage, or again, is it a case of ratio inheritance? In

this country we find that a great many races that have come across from Europe are much more disposed to tuberculosis than others. There again you have to take other factors into consideration.

There is one other factor, and that is the factor of dust. It is of interest to cotton men. A great deal has been said about the effect of dust upon tuberculosis, and I think twenty years ago, if a man had gotten up before an audience like this and said that where you found dust you found tuberculosis the statement would not have been seriously challenged. But in the last few years there apparently has been a considerable shifting of medical opinion on that subject and experts are differentiating between metallic dust, such, for instance, as you get in marble cutting or in the gold mining in South Africa, and the softer dust in textile mills. I am inclined to think myself, from what I have studied, that the dust in textile mills does have some bearing upon the tuberculosis problem, but I am by no means sure just how extensive an influence it does have.

In this connection I am sorry to say we have not reliable data as yet for the textile industry. The Public Health Service made a rather intensive study of workers in various industries in Cincinnati and in connection with the boot and shoe industry they came to the conclusion that the workers in the so-called dusty processes, of which there are many in boot and shoe making, such as edge trimming and skiving, were apparently no more disposed to tuberculosis than others. I pass that up for what it is worth. As a result of an intensive study of 204 cases of tuberculosis in this Cincinnati investigation, they reached the general conclusion that occupation *per se* is a relatively unimportant factor.

These are only a very few of the side lights upon tuberculosis. We have been struggling with it in the office for some time. The more I go into it the more I feel, as a friend of mine in Washington told me, that the first rule for any executive was always to decide everything instantly and sometimes hit it right. I assure you I am not going to work on that principle in this investigation.

Now I come to the second factor, the effect on output. Here we have an immense amount of literature and very little real information, it seems to me. If there were time I would like to go over very briefly a few so-called "classical experiments" or instances in which the shortening of hours, usually to an eight-hour day, has apparently increased output, but I can only refer to one or two. One was the Zeiss optical works of Jena. In this case apparently the instance is well authenticated that the reduction from a nine to an eight hour day brought an increase of six per cent. in the hourly output and about three per cent. in the daily output. Until we have had a chance of looking at that first hand I do not regard that as demonstrated. The study was made by a German, Herr ———, a man of undoubtedly

scientific training and ability, and he seemed well satisfied that the three per cent increase was maintained.

MR. THOMAS H. SMITH: Three per cent. for an 8-hour day?

MR. CONANT: Three per cent. for an eight hour day working upon high grade optical instruments, a work which required great care and pains.

In the Solvay works in Belgium the transfer from a twelve hour shift to an eight hour shift apparently maintained output, and in this case I think the evidence is really conclusive. The management were in some doubt whether to import men of more robust physique or shorten the work day, and they decided to shorten the work day. In doing that they prepared charts showing the curve of expectation and showing the actual results, and it rather exceeded their expectations. The statement of Mr. —, the managing director, is this: "The same men at the same furnaces, with the same quality of raw material, have produced as much as before in a twelve hour day or ten hours actual work." So in this case the information seems reliable.

CAPTAIN W. P. WHITE: What was the character of that work?

MR. CONANT: They have extremely heavy work. Each man lifts several tons of material each day. I understand they are stripped to the waist in front of roasting furnaces. It is an industry where you would expect that a worker might respond to a shortening of hours in the way of maintaining his output.

I will refer to another instance, and that was the building of the battleship Connecticut and the battleship Louisiana some years ago, the first at the Brooklyn Navy Yard under an eight hour day, the second at Newport News under a ten hour day. The same specifications were used. I will have to be careful—Captain White may check me up here—and I understand the specifications were exchanged so that apparently that was an ideal situation for making a test, except that you had different sets of men working on the two shifts. The amount of material worked up for each man in each yard was practically the same—50.4 in one case, 50.6 in the other. And that has been repeatedly cited by men who grasped the significance of comparison. What is not cited is that the Government records state that there were fourteen particular reasons why the men on the eight hour day in the Brooklyn Navy Yard had a special incentive to exert themselves to the utmost, whereas in Newport News they were working under normal conditions. I will refer to only one of those conditions, and that is if the men in the Brooklyn Navy Yard built the battleship Connecticut in record time and matched the other crew in Newport News, they could feel assured of

the contract of another battleship at the Navy Yard. That of course meant work for them in their own homes under almost ideal conditions. I think that one condition alone, to say nothing of climate and the fact that you are comparing two different sets of workers, robs that particular comparison of any great value.

There have been some very valuable studies of hours of work in British munition factories, but there is not time this afternoon to go into them. The Board has tried to say something about them in their analysis of the British reports on war work and fatigue. They seem to show fairly conclusively that a work week of fifty-six hours maintained output at the maximum and for somewhat heavier labor fifty-four hours, while for very light labor a week of fifty-five hours brought a loss of about four per cent. in output. I would to emphasize that these are actual hours and the nominal hours range considerably longer than those. The experiments are made in the midst of war, when there was a tremendous incentive from the standpoint of patriotism for the workers to do their best. Moreover, the workers were paid very high piece rates and these rates had been guaranteed by the British Government for the period of the war, as I understand it—at any rate, indefinitely.

An important point is that the reduction of hours came about there through the elimination of Sunday work. I think it is a fair question whether a man who had been working as they had, seventy, eighty and ninety hours a week including Sunday labor, and then had these hours reduced by the elimination of Sunday labor, might not make a response so much greater, so that we have to take these results, although valid in themselves, with a good deal of caution in applying them to conditions in this country.

Now in the case of original studies made by the National Industrial Conference Board, I think it may be a case of twice-told tales to tell you gentlemen anything about what we have in the cotton report. Of the number of seventy northern cotton mills which have reported to us the results of reduction in hours, which in nearly every case was from fifty-five to fifty-four hours, only six reported that they maintained output, and of these six two were small concerns, two were working on special lines; in one case the reduction was only one hour a week, which makes it very difficult to draw any special conclusions, whereas in the others the hours of production were reduced to a fifty-four or fifty-five hour week. The results are given in some detail. Instead of relying on the data we endeavored to check up the data by going to the mills. We were very courteously received and it is very significant that in no case did we find a case which showed an increase in Northern cotton mills in going to a fifty-four or fifty-five hour week where conditions were the same. Occasionally there was an increase in one department, but in all these cases there was some qual-

ifying factor. We have a chapter in this report giving in very brief form the results of these comparisons; one in a northern spinning mill which went from fifty-eight to fifty-four, and in every size of yarn they found a decrease in output in reducing hours.

I would say this, so far as possible we tried to select mills which were making a fairly uniform grade of product and our conditions were as fairly comparable as it was possible to obtain. Another mill making piece goods, going from a sixty hour week to a fifty-four week, found it had increased the output about $4\frac{1}{2}$ per cent., but this, as you see, was not sufficient to maintain the total output, which fell off six per cent.

I will not go into those figures any more into detail. There are more of them in the Board's report if you care to look them over.

So far as we go into the woolen industry we get substantially the same results as in the case of cotton, except that there seems to be fairly little opportunity in a woolen mill to offset the result where you reduce hours. This is reasonable to expect when you consider the difference in fabric and greater variety. I think one factor is a loss in burling which is essentially a hand operation. The removal of the little ends in the cloth, where the workers are lumped in with the rest of the mill, which has a very appreciable effect.

In the silk industry we have a different situation, many of the mills running fifty-four to fifty-six hours. You have substantially the same spinning machinery and substantially the same weaving machinery. Many of the mills running fifty hours a week report that they either maintain the output or if they have a falling off it was by no means proportionate to the time worked. Apparently the explanation is that as is in most other cases where you find it, in spite of the predominance of the machine time feature there is apparently an important hand time feature in silk goods. We must note the more delicate nature of the fabric and on account of its value it must be handled with great care. We have not gone far enough to give satisfactory results.

In the boot and shoe industry we find this: In most concerns going below fifty-four hours we get some reduction in output, but several concerns maintained output on a fifty-two and a half or a fifty-four hour week. The difference between this and the cotton industry is again essentially the hand time feature. In the boot and shoe industry production absolutely stops when a man leaves the machine, whereas in cotton, as you gentlemen know better than I, have automatic looms that run thirty to forty-five minutes absolutely unattended many times.

I would like to show one chart in this connection as bearing out, I think, what we find in the case of cotton industry. There is a chart of the comparative hours in the boot and shoe industry, not sketched to scale by hours, but in spite of the fact that women may work fifty-four hours per week as in cotton, you find a large percentage of the

concerns reporting to us going down to a lower week, the red being the prevailing hours of those concerns operating less than fifty-four per week, the black fifty-four and over. You get a similar thing in the metal trades, although you do not have a great many women in that industry. You have in many cases a nominal nine hour day as the result of union understanding. And yet again you find that you have many concerns running well below the fifty-four hour week.

THE CHAIRMAN: I do not quite get the drift of those diagrams.

MR. CONANT: It is simple. The prevailing hours of those concerns that reported by schedule a fifty-four hour limit for women—although those women can work fifty-four hours in the boot and shoe industry, nevertheless a great many concerns are going on shorter hours on their own accord, or if not on their own accord, at least without legislation. A similar thing in the metal trade, a substantial number of the concerns reporting, as you will see, are not operating less than fifty-four hours a week. In the case of cotton that is the form of the Northern cotton mill chart. (Showing chart.) You see almost an insignificant number of concerns operating less than fifty-four hours. Now in view of the fact that the cotton mills of the North are surrounded by industries in many of which many plants are operating less than fifty-four hours per week, I think that that chart is a very valid corroboration, if we need it, of our report in this respect—that it seems to indicate that a fifty-four hour week is already somewhat below the period of maximum efficiency. We will not say whether it is too long or too short, but as far as output is concerned you have already gone somewhat below the period of maximum efficiency. Otherwise I see no reason why some of your Northern manufacturers would not be reaching out for longer hours, since you obviously have a motive to do so in order to compete for the best class of labor.

MR. RUSSELL EATON: I do not get the point in regard to the chart. I do not know what the different heights represent. Take the cotton mill line for instance.

MR. CONANT: We will say that we have seventy concerns reporting to us, the hours which they now observe.

MR. EATON: Yes.

MR. CONANT: The black are the concerns operating fifty-four hours per week or more; the red, those operating less than fifty-four hours. There are practically none—two or three, I have forgotten the exact number.

MR. EATON: What do the different heights represent?

MR. CONANT: In this particular case these are concerns operating fifty-five hours. These are the concerns operating fifty-four. I did not emphasize that.

MR. EATON: And the other two next to your left hand?

MR. CONANT: Run down all the way from fifty-four to fifty. A few sixty and others sixty to sixty-five.

MR. EATON: I did not get that.

MR. CONANT: I will just show the silk chart.

A MEMBER: It has nothing to do with production?

MR. CONANT: Nothing.

I think that covers all that I have to say on the subject.

CAPTAIN WILLIAM P. WHITE: I would like to call to the attention of those here present the quotation from the English war experience. That English war experience was not investigated until England had been at war and the men engaged in industry had been engaged in long hours and under very trying conditions, so that you might say that their physical condition was not first class when they started in to this reduction of hours. Then it is a question about the food supply, whether the food supply was as adequate when this experiment was made as at the beginning of the war.

I have seen no mention of French war experience which has also been reported on, and as I remember, the French war experience controverts the English war experience. In other words, the Frenchmen today, after nearly four years of war, are working longer hours than the English and maintaining their output. I think that is brought about probably by two reasons: In the first place, the Frenchman works in a different way. His shops are smaller, and then of course he has the tremendous stimulus that his national life is at stake, so that his spirit is in him and he is conserving his forces to carry on the war. He means it, and I am sorry to say, on account of English pre-war training and trade unionism that the English workman is not working to capacity. We find that in our own case in a very large degree, that our own workmen are not working to capacity, and it is due to that fact, that they have not been trained to look upon their work as something

to be done in a patriotic way. That is one of the things that you have to bear in mind in regard to the reduction in hours—what the spirit of your people is in carrying on their work.

I made a statement in the presence of an investigating committee in Massachusetts in regard to hours of labor, that it was not the hours of labor that interfered with a man's health—it was what he did outside of laboring hours; and that statement was applauded by the men and women who were in the gallery listening to the testimony. I am very glad to have had attention drawn to the fact that dust in industry is not necessarily a promoting cause of tuberculosis. You cannot have tuberculosis unless the germ of the tubercle be present. That germ is carried just as effectively by invisible dust as it is by visible dust, so that when you have tuberculosis in any manufacturing establishment you will find that you have among your workmen people who are indifferent or careless in regard to their personal habit of spitting, and that that is the cause of tuberculosis in your establishment and not the fact that there is dust. The proof of that is that on board ship the men who work in the coal bunkers, the dustiest place that you could devise, are just as healthy as the men who live on deck. We have practically no tuberculosis in the Navy, because the men are weeded out before they enlist, and when an incipient case is discovered it is segregated and sent on shore, so that on account of the absence of a source of disease we do not have the disease.

MR. ALEXANDER: Captain White has very properly said that the health of the workers is only in small part influenced by the work conditions, in much larger part by his outside conditions. It gives me a good opportunity of introducing the next subject. I want you to listen to some very interesting and startling figures and facts in regard to the health of workers, a subject to which you all have paid too little attention but which is engaging the legislative mind of the country and soon will very heavily engage your pocket-books unjustly unless you begin to deal with this problem in a very intelligent way. The man who is going to present the subject is medically trained, has been a practicing physician for many

years, has been a public health official, has made investigations for insurance companies, and is now one of the chief investigators of the National Industrial Conference Board. I need say nothing more about him except to state that when I looked for a man to help me investigate the medical phases of the various problems, I went as far as San Francisco to get the man whom I thought most capable in this line—Dr. Tucker. (Applause.)

REMARKS OF DR. TUCKER

In the very limited time at my disposal I have the problem of discussing under the one subdivision of the health problem as many phases as I represented under this whole chart of the work problem. As a matter of fact, in discussing the health problem you cannot confine yourself to any one phase of it. It is not a problem that concerns industry, and industry alone; it is a public problem and the industrial phase of it is only an incident to it. The employer should not be content to confirm his interests to his employees but should be interested in the public health problem as it presents itself to the community in which he lives and in which his employees live.

I would like to discuss this problem under four subjects, and if you can follow me, because the names sometimes are confusing, I think you can understand it more clearly. We are dealing in the public health problem with the communicable diseases, and you understand what they are—typhoid fever, tuberculosis, and so on. We are dealing with the preventable communicable and the non-preventable communicable diseases, of which I could give you illustrations. On the other hand, we are dealing with the non-communicable diseases, diseases which cannot be communicated from one person to another or carried through any intermediary host; they are not carried by being passed through any lower animal.

We have in the non-communicable diseases two types, the preventable and non-preventable.

Communicable diseases are largely a matter for local community solution, but employers are responsible to the extent to which they recognize local conditions and local needs and support the agencies charged with the responsibility for meeting those conditions.

I am speaking from notes on account of my limitation of time.

The effect of change of water supply from one that is bad to one that is safe is reflected not only in the reduction of elimination of water-borne diseases, but also in the general morbidity, and the mortality rate among those people affected by the change. The same results are

evidenced when the community milk supply is safeguarded, through control of source of supply, pasteurization and delivery.

Encouragement by employers of efficient administration by public health authorities shown in control of the spread of contagious diseases is justifiable on purely selfish economic grounds if on no other.

Individual manufacturing plants' co-operation with health agencies not only lends assistance but affords an incentive for more intensive work and becomes of distinct value from an educational standpoint. The children of those communities enjoying medical supervision of schools become teachers in the home. Their teachings supplement those of the medical staff of the industrial plants, and the educational work that is done among the employees.

The slogan of "Safety First" in the field of industrial accidents is translated into the slogans of "Early Diagnosis," "Early Treatment," and "Quick Recovery"—in the field of industrial sickness or in the field of disabilities arising from sickness.

Physical examination, the detection of correctible physical defects and their early treatment, if not by a medical representative of the employer, then by physicians of the employees' choice, are now so commonly practiced as to need no special emphasis as to their importance.

If the government ultimately requires 5,000,000 men for active war duties and 35% of the men drafted are rejected, more than 7,500,000 men will need to be called, and industry will have 2,500,000 of that number returned to them available for productive purposes.

Again, if seven workers are needed at home on industry to support one man at the front, there being but forty million wage earners available, industry will need to draw upon workers outside of the industrial field, in addition to employing and utilizing these 2,500,000 physically handicapped men.

At no previous period in our history has the importance of physical efficiency been so strongly emphasized as at the present time. The prospective brain of labor supply calls for greater attention to prevention of communicable diseases and a minimum loss of time from disabilities arising out of accidents and sickness. Some of the more progressive employers have recognized this fact and have taken steps to control the spread of such simple conditions as colds, influenza, and allied diseases, through early treatment of all cases in the plant dispensary. The treatment is the simplest in the world if the cases are taken early and epidemic cold and influenza can be stopped or at least practically eliminated at the beginning.

Ventilation, good light, and good sanitary facilities for personal cleanliness are rapidly being given consideration.

As in the fighting army, so in the industrial army, the captains are assuming leadership and educating their employees to know more about the so called social diseases and their prevention and cure. Disability



among industrial workers results from these causes, the same as among soldiers, and their prevalence is greater among male workers in industry of the same age groups.

In general, sickness is not limited to wage earners and is no greater among industrial workers than among general population. Sickness involves:

- 1st, heredity;
- 2nd, ignorance;
- 3rd, environment;
- 4th, vicious habits;
- 5th, physical defects.

As a typical illustration of the result of heredity, let us consider a moment the subject of feeble mindedness; produces pauperism, degeneracy, and crime. There are at least four feeble minded persons to every thousand of our population. Two per cent of our school population. Two per cent. of our school population have been found to be mentally sub-normal. Two per cent of eighty-five thousand men and officers of our U. S. Army cantonments who were examined were found to be mentally sub-normal. It is the feeble minded that constitute the inefficient, irresponsible, shifting workers of industry. They are low paid because they are low graded. They are the high labor cost to industry. From the feeble minded group are devised 20% to 50% of the inmates of our prisons and our jails. From the feeble minded group are recruited 20% to 50% of our city almshouse population, and from this same group there are also recruited 50% of the prostitutes.

Feeble mindedness is incurable. The solution of the problem is in the examination and defection of these individuals, their segregation and treatment by well known methods. Since our labor supply is derived from our native born population of several generations of American born ancestors, from our native born Americans of foreign descent or from our foreign immigrants. The leaders of industry become vitally concerned in the problem of infant mortality. We have a high infant mortality in this country. One-sixth of all the deaths in the United States are of infants under one year of age. Fifteen thousand women die annually from childbirth or its complications. Fifty per cent of these deaths are preventable. The infants of today are the workers and the employers of tomorrow, and for that reason industry is primarily interested in infant conservation. I might cite, for illustration, the conditions which prevail in New Zealand and Australia, but it would take too much time. In passing, however, I would call your attention to the fact that the infant mortality rate in New Zealand is about 50% of about what it is in this country, due primarily to the fact that the Government concerns itself in the conservation of the infant.

In the United States navy in 1914, on an examination of 74,410 applicants for enlistment, 76% were rejected. The same year, among the applicants for enlistment in the U. S. Marine Corps there was the same percentage of rejections; in the U. S. Army there was a rejection of 35%, all because of physical disability. Now, the causes of these rejections were defects in hearing, defects in vision, defects in teeth, in the nose, in the heart, in the chest, and in the feet. These defects are not necessarily disabling but they interfere with industrial efficiency. Industry cannot be charged with the widespread distribution of these physical defects. They come about in early childhood and the period in which they can be corrected and prevented is during the period before the child enters the public schools and during the period while he is in the public schools. These deformities of mouth, deformities of chest, and number of other deformities, including those of the spine and feet, could all be corrected before the child is 12 years of age, and it is seldom that much can be done after he has passed that period.

Now under education I was going to discuss this subject of tuberculosis, but I might make one remark which will probably clear the subject, and that is this: Tuberculosis is acquired in early childhood. You do not acquire it from dust. It is not acquired from inhalation in any place. It is acquired in early childhood and as a rule remains latent. The part that dust plays is that of lowering resistance. When you come to weigh the effect of the presence of dust, it is in lowering the resistance. You must weigh the individual's personal habits as well as his environment. In about 95% of cases of tuberculosis following pneumonia, it is a flaring up of an old condition of tuberculosis and it is practically tubercular pleurisy, which is well recognized.

Under environment you have the questions of housing, community conditions, alcohol and venereal diseases; also, to further subdivide I would include alcohol and venereal diseases as vicious habits. To syphilis we can charge 10% to 30% of all cases of insanity, one hundred per cent of all cases of locomotor ataxia and paresis, a large proportion of the diseases of the heart, blood vessels and other organs; more deaths than are caused by diphtheria, typhoid fever, scarlet fever, measles, whooping cough and influenza combined; most of the deaths from apoplexy before middle age, and one in four of the deaths from softening of the brain, general paralysis, spinal cord diseases, and cardiac diseases, appearing as angina pectoris, arteriosclerosis and aneurysm. Syphilis and alcoholism combined are responsible for 30% of all our insane. The three states of Massachusetts, New York and Ohio in five years expended \$80,000,000 for the insane in their hospitals, one-fourth to one-third of which were caused by alcoholism and syphilis.

When I was speaking of feeble mindedness I called your attention to the fact that 50% of our prostitutes are recruited from that group.

Recently I have seen it stated that nearly 90% of all cases of venereal disease were acquired from prostitutes. So when we are meeting the problem, does it not behoove us to go back to the source, and is not one of the great problems that of the feeble minded, and are they not the people to whom consideration should be given at this time, at a time when venereal diseases are playing so important part in impairing our national efficiency? In conclusion as I previously stated, the employer can co-operate in the nation wide movement to reduce the incident of sickness and the period of disability arising out of ill health by:—

I. Physical examination to detect physical defects and suggest remedial action.

II. Proper placement of handicapped workers, so as to permit of the highest degree of efficiency in spite of handicapping disability.

III. Co-operation between industrial interests and public health agencies.

IV. Educational propaganda among employees.

V. Improvement of working conditions where such opportunities present themselves.

VI. The establishment of medical facilities for the immediate care of minor injuries and the immediate care of disabling illness.

By such simple measures as the early attention to the relief of colds and influenza, epidemics of these diseases can often be averted and loss of time due to such afflictions reduced to a minimum. (Applause.)

MR. ALEXANDER: The children of today are going to be the workers of your mills and factories tomorrow; therefore it is your consent to deal with the children under pre-natal and post-natal conditions, during their school age and as they are growing up to the school age where they can enter the mills and factories. The problem of health, which would seem to be outside the industrial problems, is one of the high spots in the center of that problem, and reflects a great deal of what I have sketched under the employment problem. Doctor Tucker has had only a few minutes to discuss it, but I hope he has awakened in you a sufficient sense of the importance of the subject, of your own responsibility in the matter and of the great amount of constructive work for your own good as well as the good of the community that you can do in that field.

Now there are other very important things that ought to be discussed. There is not time now; I don't want to keep you much longer, otherwise I would like to present by someone

this question of labor turn-over which is of such vital interest. Perhaps we may do that some other time, not to prolong this meeting too much.

As I have been looking at this chart this thought came to me, and it came to me after having read a good many text-books on the labor problem—what a wonderful opportunity for one who has the time and the ability to use a chart of this kind as the basis for writing a text-book on the labor problem, using almost every heading here as a chapter and introducing our college man into the vital phases in their relation to each other. We have books on the labor problem now which deal to a certain extent with the wage question, to a certain extent with labor unionism, to a certain extent with capitalism and socialism, and leave untouched the various factors and important elements in its preservation.

I thank you, gentlemen, on behalf of my associates and myself for the attention you have given this matter. I shall thank you much more from the bottom of my heart if you will take home for yourselves the lesson as employers with a dual responsibility, namely, to your stockholders for the making of profits and to your community for the improvement of life of the community; and as I said before, in its final analysis, your responsibility to make the gold of work the contentment of all. If you will take this thought home with you, ponder it over and try to work it out in your own way, setting up thereby a group of experiments on the basis of which some day we will find the way out of the industrial darkness from the economic standpoint in which we are now grouping, I think then the time spent today will not have been spent in vain. I thank you. (Applause.)

THE PRESIDENT: Gentlemen, I do not know how we can thank Mr. Alexander enough for the exceedingly interesting and able presentation of this problem, but I can only suggest that if he is not careful he may again be inflicted with the Association's medal. The meeting is adjourned.

FOURTH SESSION

Banquet of the American Cotton Manufacturers' Association and the National Association of Cotton Manufacturers, under the auspices of the National Council of American Cotton Manufacturers, in the main ball room of the Biltmore, with Mr. Stuart W. Cramer, chairman, toastmaster.

The honor guests were Hon. Josephus Daniels of Washington, D. C., Secretary of the Navy; Gen. J. P. H. Claudon, Chief of the Military Division of the French High Commission in America, and M. Pollet, also of the French High Commission.

After the banquet, the Toastmaster arose and spoke as follows:

THE TOASTMASTER: Fellow Members of the American Cotton Manufacturers' Association and the National Association of Cotton Manufacturers and our guests:

It is unnecessary for me to suggest in any way the spirit that pervades this meeting. It is evident everywhere that the spirit is to Win the War. (Applause.) Like every other man here I would probably talk as long as you would allow me on that subject. But we have with us tonight a man who has done so much toward winning this war, who is doing so much now toward winning it, that it would be but impertinence for me to talk at length at all: I, therefore, will mention to you the name of this speaker, without an attempt to present him, because he is yours already, **THE HONORABLE JOSEPHUS DANIELS, SECRETARY OF THE NAVY.**

(Prolonged Applause): Three cheers for Secretary Daniels.

ADDRESS OF THE HONORABLE JOSEPHUS DANIELS

SECRETARY OF THE U. S. NAVY: Mr. Chairman and Gentlemen: I spent this morning in the new air-craft factory which the Navy has built and which it is enlarging at the Philadelphia Navy Yard, and I hardly appreciate it until I made this visit of inspection and instruction that we owed so much in air-craft to the cotton mill indus-

try. (Applause.) The officer in charge, pointing out to me the things that were making for the more rapid construction and safeguarding of material, pointed to a system of humidification, and I said, "Where did you get that?" And he said, "I got that by study of the cotton mill industry." So that when we preserve the temperature and moisture in the airplane factories, we owe a debt of gratitude to the studies and invention of men of your profession. And as I went into another large building of this plant and saw the men there making the wings of these new engines of war, one man said, "You know we had some trouble a short while ago in securing promptly enough linen for the large program we have in hand for air-craft, and we looked about to see what we could do to dispense with linen, and we found that cotton was better than linen (applause), having its strength, without its brittleness, so that stumbling as it may appear, this morning I discovered two debts which the Navy and the Army now engaged in the large air-craft program owed to you gentlemen who had pioneered us in this new industry. You can do without linen; you can do without leather; you can do without jute; you can do without wool: but you cannot do without cotton. (Applause.) I thought when I came here tonight that I would talk about cotton, because I come from a section where cotton has long reigned as King, and had the experience as a boy of picking cotton (applause), and picked it in the fields with the old type of splendid colored men who are so important to this industry (applause); and I tried to sing with them, but have never caught the melody as they would sing the old tune:

"Way down in the bottom
Where the cotton is too rotten
And you can't get a hundred a day."
(Applause.)

I wish that every man who is engaged in this industry or has cotton goods could have the privilege and the education of picking cotton on a Southern plantation. (Applause.) After you have picked about a day in the hot sun of September, you never would think that thirty cent cotton was dear (laughter and applause), but after reaching this place and remembering that I was to speak to gentlemen who all their lives had dreamed cotton, and slept cotton, and stayed awake when cotton ebbed and flowed, I felt sure that all of us would agree in certain times with the famous statement of Henry Grady, who when he was a young man, a very young man—because nobody but a very young man would do it—made a bet on whether cotton would go up or down (laughter), and when he received the notice that the one hundred dollars he had to put up, that the market on cotton had gone against him, and he had to put up \$500 more, and like most Southern editors did not have it, he was arguing with some gentle-

men and they were proving to him that cotton was bound to go up, and laying down arguments that he could not refuse. They said, "Don't you know, Mr. Grady, so many spindles in this country and so many people to be clothed and cotton is bound to go up."

"Yes," said Henry, "I know all that, but you have forgotten one thing—cotton is a damn fool." (Laughter.)

So that you never can tell what cotton will do, but you always know this, that the world cannot live without it, and that the man who grows cotton in times of peace is a benefactor to those who live in cold climates. (Applause.) But we had thought that cotton was a peace product, and had thought of it chiefly as a product for clothing the world, taking the place of more costly fabrics. But we have learned now that we cannot wage war without cotton. You cannot make guncotton, you cannot make high explosives, you cannot clothe the men, and if I were to stop and enumerate the uses of cotton in the war, we would be here until tomorrow morning. We are depending upon it, and therefore you gentlemen represent an industry which is essential to the war; and if the seas had not been kept open in the past three years, our Allies would not have been able to manufacture the munitions with which they are going to win, with our help, this war. (Prolonged applause.)

WINNING THE WAR

But I rather think that you would rather hear me speak on a topic not more interesting, not more important, but at the present time more vital than any product—upon the present day condition in our country and the world, and the duty you owe and I owe and every man in America owes to saving all we have worked for and struggled for in our own lives and in the lives of our ancestors. (Applause.)

The liberties won at Kings Mountain, Guilford Court House and Lexington and on the Delaware hang in the balance. We have seen anxious hours in recent weeks but no ominous hours. We know that we shall pay heavy toll. We know that we shall fear and mourn the loss of man, but we know fully, that though the line may move and sway, the line that holds for liberty will never break. (Applause.)

We know and our brave Allies represented here tonight by this distinguished officer of the French army (applause), in whose presence we pay honor and deference to a courage and sacrifice unparalleled in these years in the fight against autocracy for liberty (applause); we know that these brave French men whose ears have felt the shock when ten thousands of the sons of France have won immortality; we know these men the brave Canadians, our near neighbors (applause), and the brave men of the British Empire and the men who inherited the glory of the Cæsars in old Italy (applause), and of the other Allied nations composing those nations which stand for the right of men to live their own lives and think their own thoughts—we

know that sorely pressed they will sacrifice the last man before they shall surrender to the Huns. (Applause.)

We know and they know that this drive, which had made us all anxious, was timed because the German Emperor knows whenever the American force in its full tide is added to the brave men of your country, sir, and the other countries, their doom is sealed. And we have highly resolved in America, entering this war without any selfish purpose, without any purpose of self-defense, with three thousand miles of ocean between us, that we will send to the front every man who can carry a gun (applause). Let us have no talk of sending three million men (cheers), or five million men. We have one hundred and ten million people in America. By the statutes of this country, under the selective draft, we have dedicated twelve million to fight this war. (Applause.) And we are calling them and training them for Army and Navy as rapidly as we have the tonnage, and the only cause of our contribution speedily is the measure of ships. (Applause.)

I have no doubt all of us look back upon the past in the conception we had of a merchant marine with a profound regret that America lacked the statesmanship in peace to provide a merchant marine big enough to carry her commerce to the end of the world (applause), and that we will never again find ourselves in a position where shipping will be needed and it is not forthcoming. (Applause.)

Out of the tragedy of this awful war we must look for some compensations, and one of these compensations will be a new horizon and a new map. For too many years we have been looking at our own little affairs and seeing a small portion of the world. We have been satisfied to live within ourselves and sometimes to think that America was sufficient unto itself. We have now seen a new map, we have had a new vision, and in the cotton industry more than any other we feel the need and compulsion to send our cotton and cotton goods to clothe the people in every part of the world. And it is to you gentlemen to lead the way so that the great merchant marine we are building up in war will be continued in peace and made big enough to carry American cotton and everything else we make to every island in the sea. (Applause.)

NATIONAL UNITY

There is another compensation which we may find in this tragedy—a compensation of a new American unity. Before this great war men of different views did not see eye to eye and work elbow to elbow. A few years ago we had bitter partisan discussions, and the fact is, there were times when we Democrats felt that some of you Republicans were pretty bad fellows. (Laughter.) Honestly we did. (Renewed laughter.) It was not any campaign cry, we believed it—and sometimes we proved it. (Laughter.) And before this great war you Re-

publicans believed some of we Democrats were pretty bad fellows, and the worst of it is, sometimes you proved it, but we have lived to see the day when all of us have put aside the rancor of politics and politics has bourgeoned into patriotism. (Applause.)

When Mr. Jefferson was inaugurated he came into the presidency after the first bitter political campaign this country had known, and if any of you think in our day partisans can say bitter things about opponents, read what they said in Jefferson's day. And yet when that great man came to take the oath of office and mounted his horse and rode to the Capital and hitched it to the Capitol fence and had upon him the responsibility of the greatest office in the world, he used these words:

"All differences of opinion are not differences of principle. We are all," said he, "Federalists, we are all Republicans."

So today in the shadow of this great war where we have enlisted we say we are all Democrats, we are all Republicans, we are all Americans. (Applause and cheers.)

There are other compensations which we may find. Tonight when the band struck up "Dixie" all of us from the Cotton States felt a new thrill. We always feel it, and the older men like Mr. Callaway gave the Rebel yell. (Laughter.) I never hear that tune but what I recall the feeling of an old Mississippi Confederate soldier who lost a leg at Appomattox and stumped back to his little farm far in the country. He never heard the band play for five years, and at the end of that five years, after working hard in the cotton patch, he has made enough money to come to New York. Everybody likes to come to New York—if they have a little money to spend (laughter), and in those days a dollar was as big as a cart wheel. An old man was sitting on a bench in one of the parks of New York and the band was playing, and he stumped up to the band master and said: "Mister I am an old Rebel from Mississippi and I haven't heard 'Dixie' played since the war. Will you play it one time?" "Why, certainly," said the band master, and he played "Dixie," and when the band finished the old man stumped up again and made the same request, and again and again, and for five times the band master and the band very kindly complied; and when the old man went the sixth time the band master said, "My dear sir, I believe on the day of resurrection when men rise from the dead that you will stump up and ask St. Peter to have 'Dixie' played." "Yes," said the old man, "I will, and if they do not play it I won't rise." (Laughter and applause.)

I heard a very distinguished American who has proved his Americanism these days—I refer to Ex-President William H. Taft (great and prolonged applause, company rising)—this distinguished gentleman said that "Dixie" was so fine a tune that it did not belong to any section of the Republic, but was a National air. (Applause.)

There is another compensation, perhaps, in this association, because cotton men, whether they live in New England or in the South, have always had a more intimate connection with it than men of other callings—we have come to see the day, and I believe it has come forever, when sectionalism is dead and buried in America. (Great applause.) We are training our boys in Camp Grant and Camp Lee (applause); we are training them at Camp Sheridan and Camp Sherman and Camp Stonewall Jackson (applause), and during the past year more than half a million of young men of other states represented here have been in Southern camps trained to get ready for the great venture before them and they are going over to fight to the new tune "The Yanks Are Coming" (applause), and the boys from North Carolina and Mississippi and every Southern State are singing that tune today, because when you sing "The Yanks Are Coming" it is only another term for "The Americans Are Coming."

We must find in all tragedies some compensations, and the compensation that brings to me the greatest thrill and the greatest humility is the spirit of the twelve million young men in America under thirty-one years of age. (Applause.) Three or four years ago it was no uncommon thing to read sometimes in the press and to hear it sometimes in the pulpit and on the forum that America had lost the vigor and the spirit of love of country that characterized the men of '76 and the men of the 60's.

And they told us that the young men of our day were frivolous or ambitious for wealth and that they had their hearts so set upon play and making money that they would no longer be willing to make sacrifices for their country. And some people believed it. And if this war had not come the youths of our age would have gone to their graves dishonored by this unworthy and unjust thought on the part of many Americans. But when the call came, there has never been a minute in the Navy that we did not have two men when we needed one (applause), and then the call in the selective draft case, young men left their careers, they left the farm with the plow in the furrow, they left the factory, they left the bank, they left college by the thousands, and proved they were the same stuff as their fathers and grandfathers (shouts of "Good, good," and applause). I like that word "stuff" (laughter). I do not know whether the highbrows would think it was the proper word or not, but it means more when you speak of a young man today having the stuff in him, than any other word in the English language.

And they have gone in ever-increasing numbers, and, seriously, when you see the sailor boys, nearly 400,000 of them now, keeping the road open to France—that is their job, and they are doing it as well as any man who ever lived—when you see them marching jauntily and with the rhythm of music in their march down the streets, cheerfully,

don't you think they are not serious; don't you ever suppose that beneath their cheerful smile they are not looking death in the face and realizing it. But they are ready for the supreme sacrifice. (Applause.) What is true of the men in the Navy is true likewise of the young men in the Army. They come out of the same families, and the only difference between the Minute men and Paul Revere and the Minute men of our day, is that Paul could only go as fast as his nag could trot, while our boys fly on the wings of the lightnings. (Applause.)

Let us bow in all honor to these boys, and remember that it is to them that the world looks to preserve liberty and civilization. (Applause.)

"So nigh is grandeur to our dust,
So near is God to man,
When duty whispers low, Thou must!
The youth replies, I can."

(Prolonged applause.)

And we have no old men these days. I have been struck by the fact that all over America men who are about to retire from business have suddenly heard the call, like the boys, and they have been ashamed to be idle when these boys' lives were in jeopardy. (Applause.)

COURAGE AND SACRIFICE

The compensations that come to us, come because men have learned as never before that nothing is worth while except courage and sacrifice. You gentlemen here in business who have many problems, you tonight are thinking more of winning this war than you are about making dividends (applause), and the man in America, no matter whether his business is big or little, who puts the question of personal earnings and profits above sacrifice for his country, is not fit to be an American. (Applause.)

These boys who tread the decks of the destroyers—the most strenuous service to which men are called anywhere under the sun—with no sleep and no place to eat on the nightly vigils, they are writing in a new page in human courage. Almost every day now it is a part of my duty to name a new destroyer, we are building them so fast (applause), and we are building this best type of Hun hunters (laughter) and other craft best adapted to this service, as rapidly as present and future facilities may permit. I say every day I am called to name one. A few days ago it was my official duty to name the last word in a destroyer and I have been conscientious and careful not to give the name of any man to one of these ships who was not a hero and had shown his courage. (Applause.) In the old times we named them for John Paul Jones, Farragut, Decatur and the men who made freedom of the seas a cardinal principle and an established right in America. Looking over the list of men, I had before me the re-

port of the last act of heroism that thrilled our republic and yours, sir (indicating Gen. J. P. H. Caudon), and the world, when the Castine, after days on the ocean watching out for submarines and safely convoying hundreds of thousands of troops to France—and that is not an easy undertaking when the seas are full of submarines—when this Castine on this duty was overtaken by an enemy submarine which hurled a torpedo at her, a young man on this ship named Ingram from Alabama, gunner's mate, second class, saw that if this torpedo could not be evaded the vessel would be destroyed, he rushed, with almost superhuman strength and threw overboard all the high explosives and saved the ship—and lost his life. (Applause.)

In all the annals of naval sacrifice and heroism, none stands higher; so I named the ship "Ingram." (Applause.)

Gentlemen, there is no rank in sacrifice. (Applause.) Boys have gone into this Navy and Army from all walks of life, and it is going to save this Republic when the sons of men who have no money and no education stand shoulder to shoulder with the sons of wealth and of high culture. (Applause.)

We are getting a new conception of Americanism—that we are all of the same faith, differing only in opportunities and advantages, and with that spirit enlisted and the Republic abolished, there is no more doubt that we will win this war than that God rules in the heavens. (Applause.)

I have never yet appealed to a man to buy a Liberty Bond. I have sometimes offered him the privilege of doing it (applause), and when we look into our own hearts, those of us who are older, who are not daily explosions to the terrors of the submarine or winning glory in the trenches, and fail to pour out everything we have to back these boys, our names are not worthy to go on the roster beside them. (Shouts of "Right" and applause.)

When the first Liberty bonds were offered, an appeal was made to the ministers to bring the matter to the attention of their congregations, because, gentlemen, the line of demarcation between what is secular and religious is ended. This is a holy war and religion and patriotism are marching one and forever, now and inseparable.

THREE KINDS OF BONDS

There was an old colored minister in North Carolina, a pious patriotic old fellow who when he received this request, went into his pulpit the next Sunday morning and preached the best sermon ever preached in the history of the world. Very brief, too, as sermons should be. And he said, "My brethren, I have been requested, and I do so cheerfully and gladly, to preach on Liberty Bonds. My subject is divided into three heads: First, there are three kinds of bonds, the first are the bonds of slavery from which as a race we have been emancipated; second, the bonds of matrimony, which we must

endure (laughter); and third, Liberty Bonds, which we must buy." (Laughter.)

Now, if there are any ladies here I would not dare tell that story (laughter), because they would misunderstand the "secondly" of the old man's sermon. If I had been preaching that sermon I would have changed "second" and I would have said, "The bonds of matrimony, the bulwark of happiness and civilization and religion." We need to rise to the altitude of serving our country in some way that costs us something. The man who writes his check for a large subscription for Liberty Bonds with a bank overflowing with money, unless he makes it big enough to hurt, has not measured up to the opportunity of this hour.

Let me tell you the story of an old farmer. When the bonds were first offered an old farmer who lived on a poor farm—he had been living there forty years—had managed to save up by close economy a thousand dollars. It was all he had. When the war came he gave his five sons to the cause and then he took this thousand dollars to the village and bought a Liberty Bond. Six months passed by and he wrote a letter to the Secretary of the Treasury like this: "My Dear Mr. McAdoo: When you asked for subscriptions for Liberty Bonds last May in order to lick the Huns"—he had no doubt of what was going to happen—"I gave my bond for a thousand dollars. I am writing you, sir, to ask you to whom I shall pay the interest." (Applause and cheers.)

Now the Government of your country, representing all of us alike—because those in office temporarily are not different from men outside of office—because our government is a government of our own—we are not asking any man to buy a bond and pay the interest. But you had better buy the bond and pay the interest than to pay Germany the indemnity which would leave us nothing. I must not speak longer.

A VOICE: Tell us more about the Navy.

MR. DANIELS: The gentleman says he wants to know more about the Navy. (Applause.) I was talking tonight to one of the most successful manufacturers of cotton in America as I had talked before with such men as Julius Rosenwald and Henry Ford, and he and they said that there was not in America a business institution run so well as the Navy. (Applause.) And you cotton mill men know it. Sometimes we have not always agreed on the price; sometimes you have argued yourselves that the price to be charged for cotton duck or gauze or some other products was more than we thought it ought to bring; but you have always found that the responsible men in the Navy, represented here tonight by Mr. Hancock (applause), in the department of supplies have had as much ability as any man in the cotton mill association.

A VOICE: And more.

MR. DANIELS: And more. But you have found when you talked with him and his associates that the Navy Department and other departments of the Government offered and wished to pay always a price that would justify adequate wages for men who worked in this industry and adequate profits, conferring with you always that these profits should not be in excess of average profits in peace time (applause), and it is in that spirit of American consecration that we all discuss these matters together, because you have the same interest in the dollar the Government expends as those who expend it, and as trustees of your money if we pay the dollar more for cotton goods or steel than was right you would say that we were unfaithful servants. (Applause.)

The business men of America in this crisis have risen to the emergency and the people of nearly every trade and industry have resolved that they will enlist in the services of their government and when you enlist, gentlemen, you enlist, not for profiteering, but for fair profit and hard work. (Applause.)

I know what the spirit of you gentlemen is. I have talked with many of you and I know that spirit is the spirit of every business man, and we realize that there must be such adjustments as shall keep the industry running regularly and profitably because America needs its business running on full time with full speed ahead.

The Navy has come to be so popular these days that nobody dares start anything unless they use the Navy vernacular. Why, when they started the Liberty Bond canvass, Mr. McAdoo did not dare to say he was going to start a campaign for three billion dollars, or that he was going to begin a drive, but he said he was going to launch it, and he knew when he launched this good ship it would go down the ways smoothly and take to the water and sail across and win victory. (Applause.)

Gentlemen, I said just now that this was a Holy war, a war in which America has nothing to gain selfishly, a war which we had gone into to protect the liberties won for us by our forefathers, and that we would fight it through on this line if it would take all summer and all winter and this year and next year and the next year and twenty years until we win victory. (Great applause.)

You had the pleasure, I understand, last night of hearing that wonderful man Harry Lauder. A few days ago it was my pleasure to attend a luncheon given to him in the Capital of the Republic. Somebody addressed him as Harry Lauder (pronouncing the name Lowder). He said, "Are you Harry Lauder?" "Don't give me any German name," said the Scotchman. "If you want to know if I am Harry Lauder, I am." If we could catch the spirit of that man we could never think of anything except putting our all on the altar. He had one boy, his very heart's blood. He was among the first to go

into the army and among the first to seal his devotion with his blood, and as soon as he heard the news, this man that we associate with jolly and rollicking songs, who has cheered us in many sad hours, went to France and there he saw the captain of the boy's company who had buried him and put a little tombstone of wood on his grave, and in the evening they went out and the captain left the father and his boy, and they communed together, the one who had "Gone West"—you gentlemen know that they never speak of death over there—when a man goes to the trenches and does not come back, they say he has "Gone West" and he will rise when the sun of Liberty rises to win this war. (Applause.) And when the sun had set the captain of the company, the old schoolmaster of Harry Lauder's boy, went back to take the father to the inn. They were walking across the field and met a company of young soldiers, who stopped these men with the spirit of youth and addressing Harry Lauder said to him, "Who are you?" and he replied, "I am Harry Lauder." "Oh, well, then," said the boys, "Give us a song; let's have some fun." And the captain sought to stop these youngsters, who didn't know Lauder's grief. But Lauder said, "No," and there in this field of France, with a score of youths about him, who remembered in their old home town how they had loved his songs, he sang to them the most rollicking songs in all his repertoire. And when he turned away the captain said to him, "I don't see how you could do it with your heart breaking." And Harry Lauder, "If my boy could die for his country it's a very small thing I can do to sing for it."

Gentlemen, when tonight forty thousand young men on small craft of your Navy, which deserves the confidence you repose in it, are risking their lives, and hundreds of thousands of young soldiers in the most terrible battle of the world—mayhap the decisive battle of civilization—if they can die for their country it is little that we can do to give all we have of self and effort to serve it and to back up the boys over there. (Prolonged cheering, all standing while the band played Dixie.)

THE TOASTMASTER: I think that our distinguished speaker would be interested to know that when Harry Lauder appeared last night to entertain and amuse us and also to talk to us along patriotic lines—for that theme can never be dissociated from any throng nowadays—he told our people, the cotton manufacturers, that he had been campaigning for a few days—I forget how many—to raise money for the Harry Lauder Fund for crippled soldiers. He had raised \$90,000 and wanted \$10,000 more from us. Our people gave him in-

stead of the \$10,000, \$15,000. That shows what we think of Lauder.

The question of Liberty Bonds always comes up at any gathering of this kind and we wish to have it understood that there will be no spellbinding tonight or any attempt at spellbinding. This organization does not need it. It does its duty. It did it in the past two Liberty Loans and it is going to do it in the third one. You have all subscribed liberally, I know, by this time. The campaign ends Saturday night. I know you are going to do more. We have distributed cards on the tables with the request that you fill them out—fill them out with what you are going to do to put this over, not for the three billion dollars, but for four or five billion dollars. We ask you to either mail them to one of the secretaries, Mr. Adams, or Mr. Wilson, or to turn them in in any way that you see fit. We are not going to attempt to collect them. I will not even attempt to conjecture what you are going to do, but I do know this—that two men tonight have stated that they jointly are going to add over a quarter of a million of dollars to their subscription (applause), that it will aggregate that amount. And I know that the representative of the administration of Washington, our Administration, will be glad to take that news back to Washington with him. It will be encouraging to those that are awaiting the result of this campaign on Saturday night.

PRICE FIXING RESOLUTION

The Secretary mentioned a subject that we have discussed with his representative from the Navy Department here, as he says, at more or less length—that is, the question of price. We have not cared anything about the price he put on our goods when it came to buying for the government; we have let him name the price. That is all it has amounted to. But, gentlemen, we have been recently approached upon a proposition to go farther than that. We have been approached upon a proposition not only to have a price fixed for the Government purposes but to have the same price for domestic

consumers. We have been approached in a spirit of asking our advice and also asking our co-operation. We have passed the resolution pledging our co-operation and have assumed to give our advice. We have a War Service Committee that is under the auspices of the National Council which comprises this whole cotton industry—that is, the National Council of American cotton manufacturers. The War Service Committee has passed a resolution which I think I will read to the Secretary of the Navy; I think it will interest him. I think he will be interested in the pledge that we offer and I hope he will be interested in the advice which we offer:

WHEREAS, our country is engaged in a great struggle against the most dangerous enemy that has ever assailed civilization, and

WHEREAS, Industrial America is called upon as never before to support the fighting line,

NOW THEREFORE BE IT *Resolved*, that the National Council of American Cotton Manufacturers again pledges its utmost endeavors and all its resources to the mobilization and organization necessary for the successful prosecution of the war.

Resolved, further, that the Cotton Manufacturers will cheerfully accept control and price fixing of their products if the Administration deems such action necessary to win the war. (Applause.)

Resolved, further, that should such action be taken, the interests of the country will be best conserved by applying as nearly as possible the same regulation to all industries and to all branches of the industries—the producer, the manufacturer, the jobber, the wholesaler and the retailer.

Simply a transition of earnings from one pocket to another, from one individual to another, we do not think would suffice. But if it is to be transferred to the ultimate consumer and that it is necessary to end the war, we are ready for it.

Resolved, further, that the prosperity of Industrial America is essential to the financing of the war and that any plan for price fixing or other control should rest upon the basis of such a return on capital invested as will continue to yield the necessary taxes and to provide funds for the purchase of the bonds required.

I desire to call the Secretary's attention to the fact that there is a complete omission of any reference to profits for the industry. We are not discussing profits, we are discussing winning the war.

Ordered: That a copy of these Resolutions be sent to the President of the United States, the Secretary of the Treasury, the Chairman of the Senate Finance Committee, the Chairman of the Ways and Means Committee of the House of Representatives and to the Chairman of the Price Fixing Committee.

We have heard a great deal for a number of years past about "blood is thicker than water." It is a term that means—well, it means what old Commodore Tatnall meant when he explained his action in helping the British in a sea fight in China—the Taku forts, I believe. He defended these actions in really helping a little, I may say, and allowing his men to help a little—he explained to the Navy Department very simply; he said, "Blood is thicker than water." But there is another thought that is entering into this war, and that I am particularly reminded of when I think of another great Ally that we have, France. (Applause.) The tie that binds us to those people is even closer in a great crisis like this than the kinship of blood relationship. It is the brotherhood of ideals and the brotherhood of institutions. It is that that has made us friends with these people and made them friends with us for a century, with practically never a difference. I would like to talk more about that, but we have a distinguished French General here who represents that great country, and I take the greatest pleasure in presenting him to you—General Claudon of the French Army. (Applause, all rising while the band played the Marseillaise.)

REMARKS OF GENERAL J. P. H. CLAUDON

Member of the French High Commission, in Washington, D. C.

Mr. Chairman, Mr. Secretary, and You Gentlemen: It is a very great privilege for us French people here to be with you tonight. We appreciate indeed very greatly the honor you bestow upon us to allow us to be amongst such distinguished and prominent American gentlemen. (Applause.) Mr. Secretary spoke to you about cotton and about the Navy. I know nothing about cotton, only that sometimes cotton is done into very high explosives. I know nothing about the Navy, but permit me, being a pretty old soldier, to speak to you a little about the

Army and especially about the American Army. As the Chief of the French Military Division my duty is to go to the American camps in order to inspect the French officers detailed to those camps. And to be sure, every time, on account of the great kindness of the American commanders, I am able to look very closely to the American soldier.

Lately, being at Camp Kearney, Southern California, all the fourth division was reviewed in honor of the Japanese Admiral, Susuki. All the fourth division, men, horses, wagons, truck cars, everything, was reviewed. It was something very splendid and so moving. When the review was over the Japanese Admiral went to General Strong commanding the division, and paid to him his compliments in the Japanese language. It was my turn then to go to General Strong and to pay my compliments, but I was so deeply impressed by such a splendid spectacle it was only possible for me to shake hands with General Strong, and he said very kindly, "I understand you." (Applause.) Because I was thinking of France, my beloved country. I was thinking of such fine and gallant soldiers helping French soldiers, and to be sure it was a very comforting spectacle. And in every camp I visited it was the same. It is a true pleasure to look at the American soldiers, because they are splendid men, elegant, the chest out, shoulders back, and looking so trustfully into your eyes; such a good will, so well disciplined, so clever, so splendid in the bayonet drill, and with such a patience. And now I am receiving very often letters from my soldiers, from my chiefs in France, and in every letter it is the same—how splendid are the American soldiers (applause)—so brave, such good fellows. Every time a patrol is ordered I suppose the order is for twelve men to go over, every time not twelve, but many times twice as many and sometimes three times as many, and you know, now, instead of calling the ground between the German and the French trenches "No Man's Land" it is called "Yankeeland." (Great applause.) It is said of the soldiers in France, speaking of the American soldiers, they are so snappy, they are in such pink condition, they are so eager, they are overflowing with the very spirit of victory, and among them bank clerks, lawyers, merchants and perhaps, let me tell you, some people of the idle wealthy classes, but all are very happy, as happy as could be. They are just now taking the finishing course of the military instruction in the shadow of the battle lines. They are very proud to be over in France and they say that the people they left home are also proud to know that they are over there in France. The splendid spirit which is evidenced among the American soldiers is also found among the civilians.

We have to remember now that American troops are fighting shoulder to shoulder with the British and French soldiers. The American divisions have been placed in charge of the guarding of the road that leads to Paris, and in the plains of Picardy as well as in the plains of

Flanders, where the battle is raging, the Star Spangled Banner is waving beside the British and French flags.

And who is at the head of such soldiers? GENERAL PERSHING. (Applause.) I had the great honor to be in Paris when General Pershing arrived. I had been ordered to be at the north railway station; I was accompanying Marshal Joffre, and when the train came and stopped it was something not to be forgotten, never; and General Pershing, when I left France to come here, shook hands with me many times telling me, "I am so glad some French officers are going to America. Be sure you do not speak about Russia, do not speak about the Allies, but we Americans are coming," and crashing his hand against the table, said, "We will crush Germany, to be sure." (Applause.)

And let me recall the word by which General Pershing offered to General Foch the American troops. He said simply, without any reference to the Government here, but he knew he was in union, in sacred union, with every American in the United States of America, "I come to say to you that the American people would hold it a great honor for our troops were they engaged in the present battle. I ask you, I ask it of you in my name and in that of the American people." (Applause.)

And just as I was telling you of the splendid spirit I met with in the camps and of which I am bearing my letters from my soldiers, it is the same among the civilians here. Let me tell you two little stories: One day visiting in New York, I was introduced to a sister, an American sister from New Orleans, and the Superior said to me, "This Sister is an American, and the young people, boys and girls, are mostly French." And I took opportunity to tell to the boys and girls, "You know, you must, you ought to love America which is giving France such mighty financial support; America which is sending France such material of all sorts; and above all sending to France such splendid soldiers." And the young Sister, coming to me and putting her hand on her heart said, "My General, thank you so much, but you forget to tell that in America every one has given his heart to France." (Applause).

Two or three weeks ago I was with a captain visiting the Yosemite Valley and I was introduced to a perfect gentleman, a superintendent or supervisor for the National Park. He said to me, "You know, my General, I like France very much," and having asked him the reason why he liked France so much he said, "For many reasons: Because France is a very sweet and beautiful land, because France is the very land where the most splendid ideals are blossoming; because France is the country of General Lafayette (applause), who came over here with a handful of French soldiers about 137 years ago and helped a new born country in its efforts to breathe freely, to go up, and to try

to rise without any hindrance." And, after some minutes he said to me, with an expression I shall never forget: "You know, my General, yesterday I loved France with all my heart, but today I love France far more, if that is possible, because I have just heard of the death of my brother, killed in France on the Western front; and now the soil of France has been stained with the generous blood of the American soldiers, it is impossible for me to make any difference between France and my own country."

And returning to Washington, going through from Chicago to Washington, we went through Harrisburg, Pittsburg and many other cities, quite in the smoke. Everywhere there was work, and it seemed to me that I could read in the smoke curling above the cities "Victory, Victory, everywhere," because you will win the war not only with your soldiers but with your splendid work. (Prolonged applause).

THE TOASTMASTER: I am very sorry we will have to cut these exercises short and bring them to a close, as Secretary Daniels has to leave on the midnight train and it will be necessary for him to go in a few minutes, but before we close, I wish to say that we not only think of the great soldiers of France, but we think of the great artisans, the great artists of France. A few years ago I was in Lille, France, and saw one of the finest cotton spinning mills in the world; they were spinning 200's and 300's—you fellows know what that means. We have with us tonight a representative of the French Textile Industry, who is connected with the French High Commission here. He has asked particularly not to be called upon to speak, but I wish to have him stand up long enough to have him presented to you as one of our brother manufacturers of France, M. Pollett.

M. POLLETT: Gentlemen, a few days ago your Chairman called me on the telephone and asked me to be present on this occasion. I feel that I have been paid a great honor in being asked to join you, and I am still in doubt if it is true that a Frenchman, a French spinner is here sitting with your American spinners. I am, too, a French officer. I was two years in the war, and I must declare that when my country called me to New York to take charge of the buying of cotton for war purposes, and after that for the spinners, I was really sorry to leave the army, but as I told you a few minutes ago, I am

a cotton man—I was born in cotton—my grandfather 130 years ago was a spinner in Lille, and it is my glory that I belong to that part of France which is actually in German hands.

It is a wonder to consider what you Americans have done for France. I will not pursue that subject. Gen. Claudon has told you much about that. The French people are not considered big spinners, for we only use very little cotton. We have only from seven to eight million spindles and consume only a million bales of cotton, and therefore we look up to you as if you were a big brother, and we try to find in your plans, your progress, something to add to our experience.

I beg you, Mr. Chairman, not to insist that I shall say any more, because I do not desire to keep you too long a time. I know that Secretary Daniels must leave, but before I close, in the name of the French spinners and in the name of the people of France, for we are here on the business of the nation, I wish to thank you very much for your hospitality to us and I desire to propose a toast to the prosperity of your country and to President Wilson.

PRESIDENT CALLAWAY: We will all now drink a toast to the President of the United States. Secretary Daniels has said so many things which I lack the power to say, that when his words go out all over this country I am sure it will inspire an enthusiasm which will be widespread.

(The company then rose and the toast to the President of the United States was drunk.)

THE TOASTMASTER: With regard to the bond subscriptions. Mr. Daniels has told us what makes the Navy Department run as smoothly as it does, and constitutes it such a magnificent business institution. We suggest that the business way of handling these subscriptions is to collect them now, and I hope that none will leave the room before they are collected. I am afraid we must close the evening as the Secretary barely has time to catch his train.

(The company then dispersed.)

FIFTH SESSION

Friday Morning, May 3, 1918.

GROUP DISCUSSION—"WAR PROBLEMS IN
INDUSTRY"

Mr. Fuller E. Callaway, President of the American Cotton Manufacturers Association, presiding. The session was convened at 10:20 o'clock.

THE CHAIRMAN: Gentlemen, you will please come to order and I will be glad to have you move up close to the front, as Mr. Sabin, Mr. Charles H. Sabin, President of the Guaranty Trust Company of New York, is to address us on how to get money easy in a tight pinch. His paper is entitled "Adjusting Industry to the Strain of War Finance." Mr. Sabin, gentlemen. (Applause.)

CHARLES H. SABIN, Esq.: Mr. Chairman and Gentlemen, I really feel that I owe you an apology for accepting this invitation to make a speech. All I can say to you is that this is the first one I have made in my life and perhaps it will be the last. But it is your fault.

THE CHAIRMAN: We always desire to start out with the "firsts" in every line, with different people, and then we claim a priority on them.

MR. SABIN: The machinery of democracy is not easily adapted to war. It is essentially designed to promote the pursuits of peace, and therefore, when called upon suddenly to defend itself against the attack of an aggressive enemy it invariably proves inadequate until radical readjustments have been effected. That has been the history of all democracies, and ours certainly is no exception to the rule.

We are now in the throes of such a period of revolutionary transition; the greatest in our history. Upon the successful accomplishment of the attendant readjustments depend not only the outcome of the issue in balance upon European battlefields, but also the preservation of our own economic and political independence. We must not forget that vital fact for one moment.

If we are inclined to make allowances for the unavoidable delay while democracy's constructive machinery is being converted into the destructive mechanism of war, we should also keep in mind that that is all the more reason for accelerating the conversion and for speeding up the engine we are building. Every hour is precious. The need for America's utmost assistance in stemming the tide of barbarism was never greater than at present.

To meet the issues of the hour, not only must industry be adjusted to meet the strain of war finance, but finance must make many adjustments to meet the strain of war industry. A mutual burden and responsibility, consequently, lie upon the business man and the financier.

THE AMERICAN SPIRIT

There is growing in the land, at last, a fighting spirit, deepseated and fervent—a spirit born of the realization that Germany is controlled by militaristic plunderers, who, in their madness, are stretching forth their murderous hand to crush the weak and the strong alike, in an over-reaching ambition for world domination. That spirit should inspire us to complete the great task we have undertaken. It must energize the whole nation to new resolution, productivity and creative power, the equal of which the world has never before known.

The need for such a spirit is accentuated daily by the cumulative evidence that this war will be won by the side which not only can mobilize the largest and most effective fighting forces, but also can marshal the greatest amount of munitions and war supplies.

More than in any previous war, it is essential that the productive capacity of the country be mobilized as nearly as possible for war purposes. The great struggle is being fought in the foundry, in the steel mill, in the textile mill, in the shipyard, and in the various industries furnishing material and supplies to be used by the army. The way in which American industry functions in furnishing a steadily increasing supply of munitions will determine to a great extent the outcome of the struggle.

The all-important question before leaders of American industry is how we can best adapt our energy to the task of increasing our output. Our industrial life is so complex and so sensitive that it becomes a very difficult task to make this adjustment without impairing the prosperity of the country. The great danger is that under the urgent pressure of the war such adjustments may be made with too little consideration as to how they may affect our whole industrial fabric. In making them we should not lose sight of the problems which peace also will bring.

From the outbreak of the European war in 1914 to our own declaration of war, our industrial situation underwent a great change. We were the one, big, free neutral market in which munitions and other products could be bought, and those who were able to come and get

our goods eagerly did so. They entered our market with an insistent buying demand, backed by a vast purchasing power. Contracts were let and new manufacturing concerns were formed. Prices moved upward in certain commodities affected by this abnormal, war-created demand, and under the prospects of large and handsome profits, a new industrial boom was inaugurated. Our capacity for producing munitions was constantly increased, and the boom soon spread to other lines of business not directly related to war purposes. It has been estimated that the total volume of our trade, as measured by traffic carried by our railroads, increased approximately 25 per cent. during that period.

In view of the fact that we were a neutral nation, and there was no necessity for us to discriminate between war essentials and non-essentials, an important increase took place in the development of industries defined as non-essentials. The prosperity which the first three years of the war brought to this country and the resulting activity in practically all industries necessarily increased the demand for all kinds of commodities.

THE DIFFICULTIES OF READJUSTMENT

The fact that our declaration of war came in the midst of such an unrestricted industrial boom has made the problem of readjusting our industries to war conditions all the more difficult. If we had entered the conflict at the time of industrial depression in which there was considerable unemployment, and in which industries manufacturing luxuries had been running with decreased output, the readjustment to war conditions would have been much simpler, because such surplus productive capacity could have been utilized directly in the production of commodities for war uses without impairing existing industry.

The business outlook during the first seven months preceding the outbreak of the European war was as uncertain in the United States as it was abroad. Enterprise was at a low ebb and all the principal branches of business were depressed. This general condition was clearly indicated by the Federal census of manufactures in 1914. The percentage of increase in the value of products was less in the five years preceding the war, or the period of 1909 to 1914, than during the previous manufacturing census period of 1904 to 1909. The same general condition of affairs existed in other leading commercial and industrial nations.

Before the end of the winter a tendency toward more favorable conditions became noticeable. Great Britain, France, Russia and Italy began to purchase from us foodstuffs, livestock and raw materials, and placed large contracts for future delivery of war and industrial supplies of all kinds. Under these influences, during the first half of 1915, the industries directly affected by war orders began to expand, and by the third quarter of the year the demand for all com-

modities was on such a scale that every line of industrial enterprise was stimulated. Domestic trade became very active, and foreign trade reached heretofore unknown proportions.

The total amount of bank clearings increased from \$155,000,000,000 in 1914, to \$307,000,000,000 in 1917. During this time there was an important expansion of American industry, and, fortunately, American factories learned, through that period of experimentation, how to make munitions successfully. Our industrial expansion, in fact, has been such that our capacity for the production of war supplies now is unequalled.

But there are extremists who would have our whole industrial life centered upon the production of war products to the practical exclusion of all else. In the speed and flurry of martial times they do not look beyond their immediate task. For the serious student of American industry and finance, who sees unexplored vistas of opportunities for, and the future responsibilities of, America, it is clear that this extreme is just as dangerous, if followed to a logical conclusion, as its opposite, namely, "business as usual."

The adjusting of industry to war must not be so sweeping that the general organization for production will be destroyed. We have the great necessity forced upon us to adjust industry so as to supply the required amount of war products; but we have also a great responsibility imposed upon us in the maintenance of our industrial organization for the future.

HOW SHALL WE DRAW THE LINE

It is quite generally stated that our industrial problem is mainly that of restriction to supplies which are essential to war purposes, and the curtailment of our production of non-essentials. This statement may be reasonable from the standpoint of theory, but when an attempt is made to apply it in practice it is a very different matter because of the difficulty of determining just when a product is non-essential. How shall we draw the line? The problem of economy for the nation is very much the same as for the individual. It is the problem of choosing the more important to the exclusion of the less important things; not that the less important things, in themselves, are undesirable, but merely that they are less essential than other things. To say that one group of products is more needed than another does not necessarily mean that one group should be produced to the exclusion of the other. It may mean only that the production of the one should be expanded and the other contracted.

The number of industries, however, whose products are absolutely useless or non-essential is very limited. Most of those which are not classed as absolutely essential belong in the middle group, which means that their products are useful in limited quantities. Clearly, our problem in regard to non-essential products is mainly that of con-

sumption, and not that of production. Drastic action might indeed definitely impair the country's abilities to produce essentials, for the factors of industry are interdependent.

MUST PRESERVE PRESENT ORGANIZATION

But let me emphasize that we must go slowly in the matter of suppressing what may be termed relatively non-essential industries. Our position after the war, as a great industrial nation and as a leader in finance and trade, makes it imperative that our manufacturing and industrial progress, at least from the standpoint of organization, should not be halted for the period of the war. We must so adjust industry that we will be able to maintain present organizations, and, if possible, adapt them to producing products which can be utilized for war purposes.

THE SHIFTING OF LABOR

In addition to the adjustment of our present industrial organizations so that a larger proportion of their productive capacity can be used for war essentials, it is clear that certain new industries must be organized and new plants erected. This will make it necessary for labor to be shifted from other industries. The problem of the shifting of skilled, as well as the unskilled, labor from one industry to another and from one class of employers to another is a serious one in adjusting our whole industrial life to the strain of war conditions. If this problem is not properly handled, it might lead to a great unsettling of our industrial organization, and to the impairment of the productive power of the country. This, in fact, has been one of England's most serious problems.

ADJUSTMENTS BETWEEN LABOR AND CAPITAL

Unquestionably one of the most vital readjustments which we must make is that between labor and capital. New elements such as the employment of women, the dilution of labor and changed living conditions must all be reckoned with.

In the first six months of our participation in the war, it has been estimated, there was a loss through strikes of more than six million hours' work in more than a thousand establishments, and the record of labor disturbances has been almost continuous.

But we should remember that there are no union hours in the trenches, there is no time-and-a-half pay for overtime on the firing line, no strikes, or threats of strikes, no lockouts, no question of open or closed shop, no profiteering by capital or labor—only complete devotion to a supreme duty, and sublime sacrifices, that you and I and those who are dear to us may be free of the mailed fist of autocracy.

We must ask ourselves whether we prefer industrial war to war upon the enemy of civilization, to war upon the power which ends

strikes by military force, preemptorily upon the outbreak, without awaiting disorder! That is Germany's way.

Or shall we approve the provision of labor's "Magna Charta"—the agreement reached recently by a commission of six representatives of capital, six of labor and two leading men representing the interests of the public? The agreement which was adopted unanimously provides for maximum production, a living wage and arbitration. It has the good will of all three parties; but its success will depend upon the good faith of all concerned in the observance of its provisions.

Significant, indeed, is the sharp contrast between the labor record in Germany and that in the countries of the Allies. In Germany there was as sudden and great a decrease of labor troubles when war broke out as there was an increase in the Entente nations. The largest number in Germany in any war year up to 1916, when the record ceased to be available to the outside world, was only 240.

On the other hand, England's experience should afford guidance to us, in that the British Premier has never appealed in vain to the patriotism of English workers. At the end of March it was officially reported that the British strike situation was better than it had been at any previous period during the war, "the great body of laboring men working with a steady devotion never before known in England."

If we are to win this war, both labor and capital must join the union of the nation—the only union that now should be considered.

GOVERNMENT REGULATION

While the winning of the war may make it imperative for us to use autocracy's weapons in fighting autocracy, we must take every precaution to preserve as much as possible of the machinery and spirit of democracy. In order to accomplish that there should be as little governmental interference and regulation as the exigencies of the present crisis permit.

For more than a decade the attitude of the Government toward business has been that business is something merely to be regulated and harnessed. There has been little effort on the part of the Government to stimulate and foster business. It has been destructive and not constructive. The inevitable result of this mistaken policy was strikingly exemplified last winter by the deplorable transportation situation. The plight of the carriers was largely the direct result of years of inequitable and inefficient Government regulation of various sorts. Our entrance into the war merely accelerated the consequences of this folly.

Interruption of economic law is always dangerous and the question may reasonably be raised today whether the policy of price regulation does not do more harm than good. When values rise, the tendency is for consumption to be checked and existing stocks to be more economically utilized. The danger of an arbitrary price-fixing program

during the war is that it may tend to check necessary production and fail to check unnecessary consumption. The fixing of the price of coal was undoubtedly an important factor in the coal shortage that we experienced during last winter, and that reduced our production of steel, now of the most vital importance. The productive energy of society can yield only a definite number of units of commodities. In order that the Government may get a larger proportion of those commodities, individuals must reduce their consumption. When a commodity is sold for whatever price it will bring in free, open market, each person buys as much of it as he wants at that price and there is enough to go around; when it is sold by compulsion for something below that price, people will want more than there is available and there is no longer enough to go around in the sense of each person getting as much as he asked for. The distribution resulting from the ordinary working of unrestricted prices is undoubtedly bad in enabling those with means to buy more than the less fortunate, but the higher price tends to cut off waste and, in part, the least necessary consumption. It thereby releases more productive energy for war purposes.

During the upward movement of prices the manufacturer is benefited because certain of his costs do not rise as rapidly as his selling price, and, therefore, he gets larger profits. It will enable him to extend his plants so that his production can be increased. It must be recognized that this is a temporary situation, but that it will give a certain stimulus to industry, which is one of the advantages of price freedom.

The problem of fixation of prices involves other difficulties. Just as soon as the price of one commodity is established it becomes imperative that prices of many other commodities also should be fixed. There is no end to the vicious circle. It is questionable whether it would not be better to allow prices to take their course and to have the Government apply a tax on excess profits arising during the period of the war as a counter restraint in the public interest.

The policy of the Government in the regulation of business is an important one in its influence upon business confidence. What is needed is a more constructive attitude toward business on the part of the Government if our productive capacity is to be increased to its maximum and the general spirit and confidence of industry improved. If the Government maintains a policy of regulation of commodity prices and direct management of certain important industries, it will be necessary for the Government to reassure leaders of industry and the creditors of industry, by making reasonable allowances in the way of margins of profits.

CARRYING ON

The natural resources of the United States are abundant and are greatly in excess of the total natural resources of Great Britain, France

and Italy. The full development of these resources would give the United States great power as a factor in the world struggle. American ingenuity and American industry should have a free hand in order successfully to play its part in adapting these resources to the needs of war.

Co-operation by the government in the fields of research and analysis, constructive legislative and regulative policies, and the institution of intelligent and helpful methods in our consular and diplomatic service would contribute vastly to our national efficiency of prosperity.

Leaders of industry and finance during this period of expansion and readjustment of industry to war needs have had constantly in mind the adjustment that must take place on the return of peace. During the period of the war, with expanding credit and extended buying power of the Government, it is relatively easy to get a further expansion of the credit structure for industry and so long as war orders are coming in, there is no fear of the collapse of this credit structure.

After the war will come the more serious period of adjustment, and on the way in which our financial and industrial leaders handle this problem will depend the successful liquidating of our present credit extensions. The position of the country, however, should be materially improved at the close of the war. We have become a creditor nation and will continue to be. At the outbreak of the war, we were debtors to the extent of \$5,000,000,000 or \$6,000,000,000. Since then we have received over \$1,000,000,000 of gold from abroad. We have bought abroad probably \$2,500,000,000 of our securities, and we have loaned through private channels approximately \$2,000,000,000 to foreign countries, and in addition our own Government has given credits in the way of advances to the Allies of approximately \$5,000,000,000. How much further this process will go, no one can estimate at this time, but it is certain that the declaration of peace will leave us in a strong position as a creditor nation. We will have abundant natural resources and such a productive capacity that the various nations of the world will continue to come here to borrow. The countries that are on a depreciated paper basis today will not be in a hurry to resume specie payments, consequently they will not be borrowing our gold. They will prefer to borrow commodities which will be used for the development of their natural resources, and to restore normal conditions. Our large stock of gold which is now in excess of \$3,000,000,000 will, on the liquidation of our present war credit structure, in the main, remain with us, and will be used as the basis for the extension of credit.

It will be necessary for us to conserve our strength by every wise precaution we can devise. Chief among these measures is likely to be that of an adequate protective tariff. I have always been theoretically a "free-trader," but the competitive conditions which peace is certain to bring will be so different from those that exist in ordinary peace

times that I am convinced we shall have to put up protective bars, as will every other belligerent nation, rather than lower them, in international trade. So, the tariff is bound to be one of the big issues after the war.

We will never again be able, however, to rely upon the tariff, as we have in the past, for the bulk of our revenue. It is considered doubtful if we shall be able to raise by this means more than a fifth of the money we shall need to run the Government economically. The unprecedented costs of this war will extend over a protracted period and our expenditures will doubtless be two or three times as large as they were in ante-bellum days, and heavy tax burdens must be borne.

Obviously, therefore, we shall have to revise our tariff schedules in many respects not only for protective reasons but to increase our means for meeting the bills of war and the prospective greatly increased expenditures of peace.

Until war is ended, however, we must constantly keep in mind that the decisive factor of victory is in our hands. England and France will struggle on until America is able to put her strength into the conflict, but we must make our full power effective at the earliest possible moment, if we are to keep the war on the other side of the Atlantic.

We have many soldiers in France, some fighting valiantly at the front. A million, it is promised, will be in Europe before the end of the year. But that is not enough. Something more than a great army is necessary. A united nation, stripped free of prejudices, with an eye single to its duty and opportunity must bend every effort to the task before it.

The pivotal action of the great struggle is at its height. The critical period of the world war has come. This, in fact, is the most crucial hour of all history. Its importance cannot be exaggerated. Not only is the British army standing heroically "with its back to the wall," but all the Allies and the United States are standing in exactly the same position, sharing precisely the same grave responsibility, facing identically the same vital issue of victory or defeat.

It is high time for us to meet this issue frankly, in all its grim reality, fully conscious of its life-and-death import. It is time for us to appreciate the imperative need for putting patriotism into business, and of putting business into patriotism. It is time for us to understand with Kipling that:

"It ain't the guns nor armament,
Nor funds that they can pay,
But the close co-operation that makes them win the day.
It ain't the individuals, nor the army as a whole,
But the everlastin' team-work
Of every bloomin' soul."

W. A. ERWIN: Mr. President, if it is in order I would like to move a vote of thanks to the gentleman for his able paper.

THE PRESIDENT: I am glad the motion has been made. I want to thank Mr. Sabin personally for his favor, and ask him to send me a copy of it. I will study it at night. There is good stuff in it. That expression may be used, because Secretary Daniels used it last night. I think what Mr. Sabin has said is the keynote to the whole thing. We have got to start a plan now for the ending of this war, and ending it as speedily as possible, because we will get another jolt later on if we do not do it.

(The motion was duly seconded, put to vote and carried.)

MR. ERWIN: That paper will be given to the press?

MR. SABIN: It has been printed. I believe you can get a copy of it from the Secretary.

THE PRESIDENT: I think we ought to circulate this paper, and have it available in our day schools and night schools. I am sure it will do a great deal of good. I am very much obliged to you for presenting it, Mr. Sabin.

MR. SABIN: I thank you.

THE PRESIDENT: The next speaker is Mr. William Butterworth, of Moline, Illinois, and he will address us on the subject, "Co-Ordinating Our Industries for War Work."

Mr. Butterworth gave a most interesting and helpful address, citing many facts and experiences that had come under his own observation in answering the query, "What can we do to help the Government in the great task at hand?"

In conclusion he said:

From what I have said you will gather that, in order to deal with the Government in a way which will be most helpful and leave the least work for the Government to do, it is necessary that each industry be organized with a War Service Committee, of the very best men of the industry; that this committee be the point of contact between the industry and the Government; that it take up for the industry all questions which arise between the Government and the industry, such as price, priority, transportation, car supply, fuel, material, the question of deliveries and follow-up, and in fact general supervision of the work which the industry is doing for the Government; the equitable distribution of orders with the industry, seeing not only that the

large and small members are treated equitably, but also that the orders are properly distributed geographically. The Government has indicated through the War Industries Board that it would work very closely with the War Service Committees, and I know that these committees can render great service.

Along with the work with the Government, the War Service Committees can and ought to do another work, equally if not more important, and that is to make every effort to solidify the industry by bringing the members together so that they will know each other, and thus bring about a spirit of mutual confidence and helpfulness. Adopt a uniform cost accounting system. When this has been done the way is clear to eliminate bad practices in the trade, to adopt uniform terms throughout the industry, and to remove all the kinks, so that when the war is over the dropping back to normal conditions will be a less difficult job, and when the trade abroad springs up the industry will be properly organized, and its internal relations will be such as to enable it to take advantage of the provisions of the Webb Bill, and to go after the foreign trade which develops.

These War Service Committees can help not only the Government, and the industry which they represent, but other industries. One such instance was the turning over, by the War Service Committee of the wagon manufacturers, to the War Service Committee of the wood-working industry, which was in very bad shape for want of orders, something over \$9,000,000 worth of orders for wagon parts. Another case was the turning over to the automobile industry, by the War Service Committee of the wheel manufacturers, of a very large proportion of a wheel order amounting to about \$21,000,000.

I have been on the War Committee of the United States Chamber of Commerce and have had something to do with the organization of the something more than one hundred and fifty industries, and it has been an exceedingly interesting work, but the most gratifying thing that has happened in connection with it all has been the really patriotic attitude of the business men with whom I have come in contact. They have been perfectly honest in their efforts to help the Government, willing to make any sacrifice whatever, laying their business at the feet of the Government, and asking only one question, "What can we do?"

THE PRESIDENT: I have been to Washington a good deal myself during the past year, and I know that Mr. Butterworth has given us a good deal of most valuable information. The point in his paper, where he tells about their "passing the buck," reminds me of an experience which I had last Fall on an important matter—after being referred four different times, and then referred again—that gives you one hundred per cent.

score when you get referred properly—the fifth time we were referred, we struck an official who did not know anybody in Washington, and had only been there a day or two. He was in an awful fix, and he did not know to whom to refer us, and we had him. He told me he did not know anybody there to pass me on to. I said—"I know all about it, let me see your blanks," and he pulled them out of a drawer of his desk, and we filled them out. I had him.

When the war started the country was not prepared for the big turn-over which took place, and I think we are now organized—we have a large army of workers down there, and we will rise Phoenix-like and whip the world if necessary.

The next speaker is Mr. B. F. Harris, of Champaign, Illinois, who will address us on the subject, "The Business Man and Some Problems of Today and Tomorrow." Mr. Harris is a banker and he will undoubtedly be able to give us some very good advice on the subject of his address.

MR. HARRIS: Mr. Chairman, Ladies and Gentlemen, since the Chairman has introduced me as a banker it is only fair to you and to myself for me to say that I am much more largely interested, financially and sentimentally, in practical farming than in anything else, except the winning of this war and winning it at the earliest possible moment. (Applause.)

I am going to speak to you very plainly. I wish I could speak to you without any notes. I sent a paper, at the request of the Secretary, some six weeks ago, and the time is passing so rapidly, that if I should attempt to talk to you on this subject, without keeping to my notes, we would both be disappointed, and so I will confine myself to my manuscript and split it fifty-fifty—so that I may not occupy too much of your time.

Mr. Harris addressed himself to the war problem, especially with reference to conditions at home, in Washington and elsewhere. His remarks were pointed and at times decidedly caustic.

In advocating reforms that must be made, he said:

INCREASE RAILROAD FACILITIES

Before peace comes, we must provide greatly enlarged powers to federally incorporate, supervise and regulate our great railroad systems through our Interstate Commerce Commission. Surveys they have or can easily obtain; needs that the war has demonstrated and wherein their tracks and terminals and facilities must be greatly enlarged, are readily to be determined, and it must be brought within the power of the Commission to see that these enlargements are provided for and made in advance of our needs, otherwise they are a limiting factor in our development.

Inasmuch as capital is, and properly, placed within the control of such a Commission; and inasmuch as labor is getting more than 50 per cent. of the gross railway income, and is so large a factor in the cost and operation, it too, should be placed in the hands of the Commission.

Then, when an honest dollar for dollar investment is made in the extensions and facilities that the people of this country need and demand from their railroads, and equally honest dollars are paid to capable railroad men, dollar for dollar, for good service well rendered—then, and then only, will it be possible and practical to get the uninterrupted results that we want, and by fixing a labor wage equal to American requirements, be able finally to fix the proper return to which capital is entitled on its actual and required investment.

PUBLIC ROADS

Then, since commerce and life begin and end on the country roads and byways, it will be a very considerable part of the Federal government's concern to see—and that burden so to plan is upon it now—that intelligent and extensive aid is given to all the states, contingent on their similar action with reference to all the counties and sections within their respective borders, to the end that at the earliest possible moment, a comprehensive system of roads shall be built throughout this nation. Although this means that vast expenditures will be required in these three great branches of transportation, it will also furnish employment to the millions of men released from the front and from war work, happily terminated.

Nor must we forget a fourth factor in transportation—transmission. The country over, 35 per cent. of all freight tonnage is coal, and in the East it runs up to 45 per cent. Cannot more be done to relieve transportation and business of this enormous handicap, and transmit more energy by wire, direct from water power and mine?

REPEAL SHERMAN LAW

War needs; plain economic necessity, is causing government officials to make desperate efforts to have all lines of manufacture cooperate with each other. This is one of the great benefits of the

war;—learning that a nation cannot be made strong and prosperous by cut-throat competition or eternal strife of any kind.

As the Clayton Act and the Federal Trade Commission Act effectually control the evils reached by the Sherman Act, its death knell is sounded. We must amend promptly, or replace existing laws with clear, reasonable and adequate new legislation to permit the principle and practice now pursued by the national government to be legally employed by its citizens in their economic life.

OUR FOREIGN MARKETS

It is self-evident to all that once peace returns, all nations, particularly those of Europe most tried and most impoverished, will start to rebuild their fortunes in foreign markets. Now, so far as this country is concerned, one of two things must happen;—either the nation must resign itself to pocketing the profits which it will have enjoyed during the war and permit its markets, domestic and foreign, to be divided by other nations, or it must determine to hold both its own domestic market and create new markets for itself to take the place of those it is destined to lose. It is difficult to conceive of this nation not advancing in an economic and commercial way. That we shall lose largely of the markets we have enjoyed during the war—the markets of England and France—goes without saying. That we must replace these markets by others is equally certain if we are to go on progressing.

Comparing 1917 with 1913, our exports to North America increased from \$601,000,000 to \$1,265,000,000; to South America from \$147,000,000 to \$312,000,000; Asia from \$281,000,000 to \$431,000,000, and to Oceania from \$35,000,000 to \$117,000,000. Everyone knows the reason of that. But on the other hand, imports rose during the same period from \$1,793,000,000 to \$2,952,000,000; and for the seven months ending January 31, 1918, the imports still show an increase as compared with one year ago, being \$1,633,600,000 as against \$1,348,332,000. If this means anything, it means that but for the immense gains made through the war in foreign trade, our imports would probably greatly exceed our exports, and thus leave us a debtor instead of being a creditor.

After the war, except for raw and structural material, Europe will not be a very good customer for us. European countries will want to recoup their war losses as quickly and as profitably as they can. To do so they will proceed to manufacture goods in the greatest quantities possible and sell them on driving competition. Unless our bars are up in the shape of protection, European competition may not only seriously injure us, but practically drive us from foreign markets, even from our own. European competition may bring on such a crippling of our mills as greatly to increase the unit cost of production, which requires full time at maximum production to be at a minimum. If, added to our high wage scale we have production costs increased by

curtailed operation, how can we develop foreign markets in competition with Europe? We will have to have plain, matter of fact aid or protection—real, not idealized, for all our ideals have to be fed and begin at home. It goes without saying, that our foreign banking must be encouraged with every aid and we must plan specifically to maintain our dollar, as well as the flag, at par throughout the world.

Likewise we must have the metric system of weights and measures for economic as well as foreign trade requirements.

POLITICS AND WAR

There must be more sentiment in business—and more business in politics. We must have our Congressional elections strictly on a 100 per cent. loyalist, "win-the-war" basis, but there is no call for a "unanimous consent" or bi-partisan program. We are best governed and most efficient when the party in power is faced by a spirited and patriotically critical and large minority, for overwhelming majorities are dangerous. "We, the people;" the President and we, his "fellow citizens," govern, but we may differ widely on the conduct of the government and war and it were suicidal to throttle the opinion or judgment of the people on election, or any other day.

Speaking of politics, I ask you, what impression, or conviction, is created when Washington dips into partisan politics in Wisconsin, as between two loyalists, when the whole danger of the situation results from the timorous attitude toward treason and the failure to interne seditionist Berger.

AN ALL AMERICAN POLICY

We must work out new ideas for the regulation of international property relations. A great spirit of internationalism after the war is all right enough, but not detracting from or at the expense or neglect of an intensified American nationalism. Why permit alien ownership? Why permit foreigners to own lands, mines, factories, wharves, and whatnot, increasing thereby their advantage over our own trade?

We are paying a bitter price for our wide-open policy to all comers, and "peaceful penetration" should come to an end. There is patriotic, political and economic room for only one kind of citizenship in America—American citizenship—and that a pre-requisite for ownership.

Nor shall we stop here. Foreign languages must come under control;—the subject matter and the teacher as well. We want no German-American, nor any kind of hyphenated alliances. We want no statues greeting us in Washington or elsewhere—as that of Frederick the Great—or of other foreigners whose lives and teachings are not in harmony with American ideals.

Hereafter we should tolerate the candidacy of no man or woman, on any ticket, of any party, for any office, where the appeal is made to any race or nationality other than American.

THE FOREIGN BORN AND THE ALIEN

One-third of our population was born abroad or of foreign parents, and one-third of these from the Central Powers. We have a million unnaturalized German and Austrian men over twenty-one years of age, and one thousand five hundred foreign language papers with eleven million circulation. Our foreign-born are organized in societies to promote their racial solidarity, or customs often inimical to ours.

It is our business to convert the neutral alien; let the one for us, work or fight for us, and interne or imprison the others.

This problem is hourly more insistent, for the percentage of these at home grows as the patriots go to the front.

Fifty-seven per cent. of our iron and steel workers, 61 per cent. of the mine workers, and two-thirds of our railroad construction and maintenance gangs are foreign born, as also are 61 per cent. of woolen and worsted mill operatives, and 72 per cent. of clothing trade workers in the large cities.

Three millions of our population cannot speak English; seven hundred thousand of draft age cannot read or write English, or any other language, and thirty to forty thousand of these came into the army by the first draft.

It is too true that we may learn "the high cost of living upon such a volcano." It will take years to correct the illiteracy, but the war crisis compels us to act instantly in regard to the other features.

THRIFT AND DEMOCRATIZED OWNERSHIP

A true spirit of thrift, saving and investment must come from the war crysalis and sink into, and become part and parcel of, our national life.

The national debt will long continue and it, together with many of our nationalized industries and utilities—supervised and regulated in the full light of day—can be made a great vehicle to perpetuate and diversify saving habits as well as provide old age and accumulation funds.

For a hundred other reasons we must stabilize our great national industries, railroads and utilities, but also because we must make of them a safe and sane investment outlet when peace comes, and to feed the great savings spirit that the necessities of war have happily developed.

Thus will we democratize the ownership of most of these great enterprises, bringing us in turn a public interest and ownership and partnership that will largely solve a host of our social and industrial problems—including that of direct public ownership.

The more honest investment opportunities offered, the more people will save and invest. It is not simply increase in wealth that increases the number of investors. Next to providing earning opportunity, is

the importance of providing facilities for saving and investing. In very recent years, ownership in large corporations has become greatly diffused among employees and the public, several concerns having over one hundred thousand stockholders, until there are now as many railroad stock and bondholders as railroad employees, and if we now add owners of Liberty bonds, there are as many stock and bondholders as male voters.

Think what such an national army of stock and bond holders means from a thousand desirable angles.

WHISKEY AND POLITICS

Our democracy; our loose ideas of, and reins on, liberty, have encouraged extravagance and graft and disrespect for law. A so-called personal liberty bred and permitted the rotten saloon which went into politics to keep from being driven out of business.

Thus, it drove business and many self-respecting men out of and captured politics, in all too many municipalities, until state and nation were more or less dominated. Whiskey and rotten politics have become synonymous. Congress has loosened whiskey's strangle-hold and as an economic and political emancipation we can wind up the debauch.

SCHOOL SHAPES NATION

One fundamental fact, that too many forget, is that the schools are instruments of the state, by which and through which the state may be preserved. We must teach this body of future citizens, in the unequivocal and virile terms of democracy and Americanism, the duty of upholding the honest, the skilful, and the intelligent—that the state may render to the poorest and meanest its fullest benefit and protection. In such an atmosphere disloyalty could not exist.

A great lesson of the war is Germany's slogan for years—"What you would have people become, put into its schools." The schools have made a people to the Kaiser's order.

In peace and war, in season and out, we must stand for a thorough-going Americanization of ourselves and our new-comers, and likewise for a compulsory, disciplining, democratizing, man-making, nation-saving, military training for all our boys. The states behind in their draft quotas are the ones fighting the coming training legislation.

Now, under stress of war, we can provide for these and other needs, that every informed man knows the necessity for, but in peace times where will you find the average Legislature and Congress with the moral stamina to do these things—when a world-wide war at our very door will hardly force them to action.

A NEW DAY AND HUMAN CAPITAL

A few weeks ago we set our clocks forward one hour, but war has set the hands and heart of the system by which God and civilization

measure time, twenty-five to fifty years ahead, ready for a new day.

There are two kinds of capital in this world—one we call prosperity, such as lands, machinery, stocks, or bonds, most of which we have marvelously multiplied and developed.

The other capital is human capital—the character, bodies, brains and latent abilities of the people.

This is our great undeveloped, misunderstood and unappreciated capital—yet, developed to its normal efficiency it would, in paltry dumb dollars, exceed by five times the total value of all our other resources. This great resource, educated to the last man and woman, to useful citizenship, trained and efficient, would cause such a reaction in this nation as would bring our goal—the completion of our democracy into sight.

One of our most successful manufacturers tells us that the seven factors in industrial efficiency are health, education, character, ambition, equipment, environment and reward. It seems to me that this is our chart as well in government, and that if we cannot have and maintain here a real government of, by, and for the people, on such a foundation; and on such a foundation protect our own citizens and hold our own markets, doing our part of the world's work and securing our share of its trade, then we are all wrong and Germany is right, and the world is no place for us.

America has a hard but nation-making road to travel before the only peace that we will sign is concluded.

Until then we have voice and ears, soul and body, only for our boys and our cause; only to fight the enemy at home and at the front; only to feed ourselves and our allies; only to further the morale of all.

As we "keep the home fires burning," to kindle into warmth and welcome and work "when the boys come home," so will we plan, and work, and pray for the new era in the new America—with one language, one flag, one country, one God.

THE PRESIDENT: I want to announce that there was \$302,000 of Liberty Bonds subscribed at the banquet last night. (Applause.)

The next address is by Mr. Arthur R. Marsh, of New York. I have known him a long time, and he is a good one; and he will address you on "Quantity Production of Essentials—The Nation's Duty." (Applause.)

MR. MARSH SPEAKS

ARTHUR R. MARSH: Gentlemen, in my conversations with Mr. Wilson something was said about my devoting myself to the credit problems arising from the war.

I am not sure that the question of credit does not come around to the general question of the Nation's first duty. It certainly is part of the Nation's first duty, which of course is the winning of this war. Unless the credit machinery of the country is what it ought to be, is understood as it should be understood, is operated as it should be operated, we shall not win this war, however brave our sons and our brothers may be in the trenches. So, then the question of credit is part and parcel of the question of the first duty of the Nation at this moment. That, however, is so large, and perhaps I may say so vague a way of looking at the matter, that perhaps we do not get very far from dwelling on those aspects. What we want more than anything else is to get away from that which is too large or too theoretical, and come down to a definite, determinate plane, be specific so that we shall understand clearly what we are to do, and then we should attend to it instead of talking about it.

There has been too much of theory. In this I agree with the first speaker of the morning, there has been too much of theory in connection with the preparation of the United States for this war. There has been too much disposition to look at the tasks of preparing the Nation for the war, not as a specific task, but as a theoretical task. This is particularly true in those things having to do with the credit side of the war. Thus we have had a great amount of attention bestowed upon how we shall raise the money to fight this war. We have been told by economists and publicists on the one hand, and Government officials on the other hand, that it is of primary importance that the cost of this war should be borne out of the savings of the country during the war. That we must not get into the primrose path of inflation by borrowing, but we must save and pay the cost of the war by saving as we go.

Now, I am not going to deny there are interesting points of economic theory in connection with this matter. What I do say is that we should have been wiser to postpone all discussion on this point until after the war. That we should have been wiser to do as the French have done. The French with that singular lucidity of mind which they possess, who have taken the ground from the beginning, "We have to fight this war; we have to pay for this war; we have to get the money for this war, and we are going to get it in any way we can. We will get it from savings, from credit, from inflation; but we must get it in any way we can get it, and we will get it, and we will win the war." That has been the spirit of France in her fighting and in her financing, and a little more of that spirit would not have been out of place in this country.

CREDIT

In dealing with the credit of the United States our college professors and publicists, and Mr. Secretary McAdoo—I am obliged to say

also—have been altogether too much inclined to do what our Ordnance Department has done, refused to accept the machines that exist, and put them away and experiment until we can get something better; though we know there are machine guns which will kill Germans by the hundreds of thousands, yet we wait until we can get a better machine gun than anyone else, which we may have in the far distant future. Though we know the United States can afford, not five billions or ten billions of money, but fifty billions of money to the Government to carry on this war, we spend our time discussing whether it should come from taxation, bond issues or whether the buyers of bonds should buy them out of their savings, whether they should buy them from borrowing on the property which they possess, and so on and so on—and so on.

Now, they have not talked in that way in France at all. In France they have said, "Let him that hath use that which he hath to buy bonds with it. If he hath savings and can save, let him save and buy bonds. If he has a house, let him turn a part of it into bonds, put a mortgage on it and borrow; the question of credit valuations we will attend to after the German is beaten."

That is the time really to attend to that question, and not while you are in the midst of a war.

Now, gentlemen, we have all been a little bit disturbed at the slowness with which this Liberty Loan has been going. We know that the United States will supply any amount of money that is necessary to win its war. We know we can raise fifty billions of dollars in this country to carry this war to a successful conclusion, and that the country will supply that amount of money because the money has made up its mind that it is going to win this war. But there is evident to any close student of economic affairs, some kind of a little hitch about this Third Liberty Loan; and I asked myself: "What is the hitch and where is it?" I find it in this over-much of theorizing that has been going on, about the ways and means of raising money for the Government. When, for example, people are told that the war must be financed out of the savings, one of the first things they conclude is that it must come from that alone. One of the first things for our situation is to see our duty, and when we know it invest in Liberty Bonds. I know one man who told me that, owning bonds himself perhaps to the point of \$150,000, not Liberty Bonds, but excellent railroad bonds, bonds that give him no anxiety, and getting an income of \$7,500 a year on those bonds, his duty ends when he invests in Liberty Bonds what he can save out of the \$7,500 per year, he gets that and invests it in other bonds. He says, "I am going to save, we are saving, I have cut my living expenses down more than forty per cent.; I am investing forty per cent. of my income of \$7,500; but Secretary McAdoo tells us, and economists tell us that that is all I

should do." I say, that that man instead of investing merely the savings from his \$7,500 annual income, should take his \$150,000 of bonds, railroad bonds, to the bank and get \$100,000 on them, and then invest that sum in Liberty Bonds. (Applause.)

Similarly, a great number of persons have been told if they once get some Liberty Bonds they must not sell them; that they must not look upon Liberty Bonds as something that may be turned into cash, no matter what their necessity may be. I believe that position alone has reduced Liberty Bonds in New York city by at least half a billion dollars. You cannot talk in that way to people without producing repercussion, which goes farther than you intend. We must get out of that. We must get away from all that theorizing and go ahead and raise money by saving and borrowing, and I was going to say begging and stealing it, but at any rate by all the means the existing machinery of credit affords. Perhaps I have talked strongly on this point. To me, as to every man here present, that thing is of more consequence in this world and that the United States should promptly do its proper part in this great struggle for all that is worth while in this world.

EFFECT ON INDUSTRY

But, passing from these general considerations to more particular ones, the question of credit, of war credit is not only a question of the Government and of its obtaining the wherewithal to conduct the war, it is also the question of the reflected effects of the Government's credit operation upon industry, upon the economic wealth of the country, upon the economic prosperity or lack of prosperity of the country, not only during the war but after the war. And it is upon these aspects of credit, rather than upon the larger ones, that I would dwell for a moment. When this war is concluded we are going to have a situation the like of which has never existed before in the world. We are going to have the greatest industrial and commercial Nations in the world with war-debts amounting to from thirty up to possibly fifty per cent. of their entire national wealth.

The British Chancellor of the Exchequer the other day, in introducing his budget, in the House of Commons, gave as the Government's estimate of the debt of Great Britain, by March 31, 1919, to be the sum of nearly \$37,000,000,000.

Now, before the war the total wealth of Great Britain was estimated by the most competent authorities as approximately \$85,000,000,000. In other words, the Chancellor of the Exchequer predicted that by the end of the current fiscal year of Great Britain, the public debt of Great Britain would be more than one-third of the total wealth, the total national wealth of Great Britain when the war began.

In France the proportion is still higher, is already higher. In Germany it will be higher again. What it will be in the United States

we cannot know until we know more about the duration of the war. It is improbable that the indebtedness of the United States will approach any such proportion as thirty per cent. of the national wealth at the beginning of the war, but it will certainly be a very high per cent., as ten per cent. is a very high per cent. of the wealth of a nation.

Now, some extremely important effects are sure to flow from this credit situation of the great nations of the world, effects which will be felt by you in industry, and which will be felt by every man, woman and child in every one of these countries. One of the most important of these effects will be the inevitable rise, and a severe rise, in the interest rate. After this war is over you must all calculate on paying rates of interest for borrowed money the like of which you have never known, and the reason for this inevitable rise in the interest rate is that the liquid capital of all the nations engaged in the war will be mobilized in war loans, war loan bonds, and can be gotten out for use only by selling the bonds or by borrowing upon them. The selling of the bonds will certainly depress their market price, which automatically will increase the interest rate which the buyer of them obtains. And we may be sure that for many years after the war the standard of the current rate of interest will be the rate of interest which a buyer of Government Bonds can obtain. That in itself is going to be a totally new situation.

Here in the United States, for example, before this war came along, the rate of interest which the United States Government had to pay on its bonds was of no account, of no consequence, whatever, in connection with the general interest rate. The bonds of the United States Government were in so small a percentage in comparison with the total wealth of the country, and they had so particular an advantage for banking institutions, that the interest rate on them was of no account—it did not matter. The United States Government could have floated bonds at one per cent., as well as at two or three or three and a half per cent. before the war. There would have been buyers for all the Government cared to sell at the merest nominal rate of interest. That, however, will not be the case any longer. The volume of bonds the Government has already sold is so great as to bring the borrowing of the United States into the general field of borrowing investment capital.

We have seen a three and a half per cent. Government War Loan Bond go to discount; we have seen a four per cent. War Loan Bond go to discount; we shall see a four and a quarter per cent. War Loan go to a discount, because that three and a half per cent. or four per cent. or four and a quarter per cent. represents what investment capital in the United States normally and entirely brings in the market. We know that from the fact that the average return of all the assets of the life insurance companies of the United States, for twenty-five

years before the war, never fell below four and a half per cent., and that in 1915 and 1916 it had risen to 4.8 per cent. and 4.9 per cent. With nearly six billion of investments, the life insurance companies in 1916 earned approximately 4.9 per cent. on their assets. In other words we have there an indisputable indication of the market worth of investment and capital on a large scale in the United States.

The Government of the United States is perfectly powerless to prevent the operation of that market price from making itself effective in the price of its own issues.

AFTER THE WAR

Now, after the war is over, we shall have unquestionably, and particularly will this be the case if the war lasts long, we shall have great quantities of Government Bonds offered for sale by people who have tied up their liquid capital under the motives of patriotism. That process is going to be much more severely felt in Great Britain, in France and in Germany above all, than in the United States, because in those countries the locking up of liquid capital has been much greater than it could possibly be in this country. But it will be felt in this country and I hardly need to point out that the offer for sale of very large quantities of German Government securities, and of French Government securities and of British Government securities and of Italian Government securities and of American Government securities, all at the same time, in all of the markets of the world, for the purpose of getting liquid capital back into industry and into commerce, will necessarily depress the prices of the securities and thus automatically raise the rate of interest.

I think after the war is over anyone can safely predict that, and all of us should bear that in mind.

Another thing which will certainly raise the rate of interest, and also the nominal rate of profit, is the severe taxation which we are bound to have after the war. There is no earthly way in which taxation, except the taxation of land, can be prevented from making itself felt for the community as a whole. In other words, there is no way in which taxation can be prevented from being passed on, as the saying of the economist is, to the general public. It was, for example, an absolute certainty, that the introduction of the income tax and the excess profits tax laws in the United States would result in a very severe decline in the market values of securities.

In Great Britain the rise on the income tax, at the beginning of the war, led to a severe decline in the price of securities, and it was certain that the same thing would happen here in the United States. In fact, expert economists were able to predict such a decline months before it actually came. What happened was, that this taxation was, as the economists say, capitalized in the price, in the market price of the securities. The new buyer, who is the man who makes the price,

not the seller, the new buyer of securities said, "Why, here is John Smith with \$100,000 worth of United States Steel bonds, yielding him say five per cent. Now, John Smith has got to pay out of that such and such a percentage in the way of income tax; and if I buy his bonds I will not pay that income tax. Money is worth five per cent. There is no reason for me to pay his income tax. Let him pay it, and if he wants to sell those bonds to me, let him pay the price at a point where he pays the tax in a lump, and I get the bonds at a price where I get five per cent. return for myself."

You are going to have that same process to face in connection with all income yielding properties of every kind; land, for example. The capital value will decline, the yield will increase. Productive properties, cotton mills, the same thing, capital value will decline, the margin of profit or return will widen, it will go on automatically in every direction, despite what may be done. There is no Government which can prevent its being done. The prices of service will go up to take care of the new taxation, and to meet the new rate of interest. All throughout industry, then, you must count on this phenomenon as coming to pass immediately after, or even before the war comes to a close.

WHERE PATRIOTISM ENTERS

But it does not come so hard while the war is on, for the reason that motives of patriotism do powerfully affect the value of Government securities while the war is being fought. There is no doubt if we were not in the midst of a war that the United States 4½'s would be selling in the eighties. That is all it is worth from the purely capital and interest point of view, taking the return on capital, as we did before the war broke out. But it does not sell for that, and the reason is that the people are too patriotic while the war lasts to give that. They are willing to run risks while the war lasts; but when the war is over, then you must look to the readjustment in which the fundamental economic forces will come into play, and that readjustment, and the fundamental fact is you have got to expect a very considerable, very important, I do not know of a more important increase, a rate over anything we have known for a long time past.

Now, what I have said so far has to do with the larger aspects of the credit problems arising from the war. There are some problems of great importance, though of less scope, which it is perhaps well that I should touch upon briefly.

I have said already, in passing, that one of the problems of a credit character which the war will bring and has already brought about in the European countries, is the tying up of the liquid capital of the countries in the form of Government Bonds, Government obligations. In the United States we hardly know to what degree and extent this has gone in the countries abroad. We do know and generally realize

that in Germany there is not a single going merchant and there is not a single going mill that has as much as one pfennig of free capital at this moment. Not one. Every cotton merchant and every cotton mill in Germany has as its capital nothing but German Government Bonds; and that is generally true of the business and the industry of Germany. It is very largely true of the entire business of France and of Great Britain. We have not yet come to that, but we do not know what it is going to be like, and we have got to come to it if this war is to last, as the military men say it will last, and if we have to finance our own operations and the operations of the Allies, to the successful termination of the war; it is perfectly possible, therefore, that before this war is over, not one of you gentlemen here will have anything left in the way of liquid capital in your business; that all you will have will be Government Bonds.

Now, that will introduce a set of problems for you which will certainly give you a good deal to think about.

You will have to buy raw material to run your industries. Well, what is a Southern cotton farmer to say when you say that you want his fifteen bales of cotton, and will give him a Government Bond for it? Nothing doing; he does not want the Government Bond, he wants cash. What will you say if the man next ahead of you, the dry goods jobber, says that he would like to take the product of your mill, but you must understand he only has Government Bonds to pay for the product of your mill? That won't do. There must be something done about that. That will be the situation all through, in every country in the world that is in this war, and it will be particularly difficult in connection with all foreign trade. We all know that the Germans at this moment are at their wits' end to know how they will get any cotton to spin when the war is over. They are now gathering up United States currency, one dollar and five dollar bills and fifty cent pieces throughout Europe so they can buy cotton when the war is over. They do not know how they are going to do it. They are willing to make all kinds of sacrifices to get some cash which we will take, for they do not expect us to sell them cotton and take German Imperial Government Bonds for it. They do not expect that. I do not think that we shall, either. (Laughter.)

Now, here is a credit problem which has been very little discussed as yet, but which is going to be of tremendous importance. It is one about which there should be much more discussion than there is. Now, of course it is perfectly idle to say that we will go about using Government Bonds to pass from hand to hand and to pay debts. That cannot be done. It is absurd and there is no use talking about it, except to consider the posture of affairs. What we must think of is how to produce a sufficient amount of real liquid capital to enable our industries and our businesses to go on as though the business which they had

in the past were not locked up in Government Bonds. Gentlemen, it is in that connection that the process of making commodities liquid capital through the acceptances that I would like to speak.

What is to be done, unquestionably, is to provide the liquid capital, not out of past accumulations, but out of the current production of the country, turned into terms of cash. That process, of course, can be accomplished to a considerable extent, to an important extent by our old method of borrowing against the commodity that grows out of the ground or is dug out of the mine, and leaving part of that in storage, we borrow on it, and thus make a bank deposit, using the bank deposit to pay all along the line, to pay with it the cost of the material which we want, and so on. But that process after this war will be too clumsy and inelastic to suit our purposes. The time has come when as a war necessity something must be done to liquefy from a credit point of view our commodities as we produce them, and to liquefy them practically to the full volume of their production. We have got to pay debts among ourselves after this war is over, not with preexisting liquid capital, but with new capital which is really cotton, which is really wheat, which is really corn, that have grown new, the coming into being this year, so they are free and not plastered with a debt.

Everything that existed before the war is going to be plastered with a debt. Bear that in mind, and the only free things we will have will be those brought into being after the war is over, and those things must be the basis or our credit operations and our cash operations too, for that matter. It is because of this necessity that those of us who give attention to these matters are so desirous that the trade acceptance method of doing business, which reduced to its ultimate terms is a method of liquefying, in a credit sense, commodities as they are produced. It is for that reason we are so eager with the trade acceptance, and the bank acceptance should be made the basis of our financial operations in this country in connection with industry and commerce.

SAVINGS

Now, it may be said and with truth, that we shall have some new cash constantly, I mean liquid capital, from new savings. There is a disposition however, greatly to exaggerate what can be accomplished in the way of savings straight out. Ordinarily speaking it is safe to say that 15 people out of 100 people can save and 85 people out of 100 cannot; but it does not make any difference what the income is, that is the rate. Out of one hundred people with an income of \$1,000 a year, fifteen per cent. of them will save and eighty-five will not. And out of 100 with incomes ranging from \$25,000 to \$50,000, fifteen will save and eighty-five will not. That is the average of the thing, and it works out in every country where we are able to

get a line on it. In my opinion, therefore, expectations have been too high as to what can be done in the U. S. by saving in the way of financing the war, that is, voluntarily saving. We know that in Great Britain voluntary saving has played a not very important part in connection with the financing of war. At the end of the current fiscal year in Great Britain the debt of Great Britain will be some thirty-six billion or thirty-seven billion dollars, out of which popular, straight-out saving will count for perhaps one billion to one billion and a quarter. That is a significant part of her financing which comes from straight-out saving. But there will be the compulsory saving of taxation. The interest and the amortization of the principal of the war bonds met by taxation, will rapidly increase the saving fund of the nations which have been in the war. People will of their own free will save in about the ratio I have mentioned. If you will bring some powerful influence to bear on them they will and can save very much abundantly. Life insurance gradually increases savings. It increases the number of people who save but there is no such increaser of saving as taxation. That gets them all. They have to save, and as taxes are raised to pay interest and to pay off the principal of the war bond this will be found—that the safety fund is very much enlarged, and rapidly enlarged in the belligerent country. In time, odd though it may appear, these countries will actually be richer because of the recent war than they would otherwise have been. This saving will amount to enough to make them richer. But the problems of importance for us at the time or the problems of the war trade and the period immediately after the war and during the war period and the period immediately after the war, the amount of the savings will not be considerable. Therefore I come back to what I said a moment ago: we have to work out the liquid faction of the commodities which are produced anew as the basis of our financial operations when the war comes to a close. We can base it upon the trade acceptance.

The trade acceptance you all know of. I will not describe its advantages nor enter into an explanation of the difficulties which have to be guarded against in its use.

PRICES AND CREDIT

Now only one word more, as I am taking too much of your time, and that is a word about the question of prices in connection with the question of credit. It has been suggested here that no one is in favor of governmental control of prices. There is certainly no one who studies the economics of industries and trade who can fail to be very fearful of the ultimate consequences of governmental control of prices. The important effect of the governmental control of prices is of course the reduction of production. That is inevitable because governmental control of prices can by no possibility take into account that principle which we economists know as controlling in the last resources

namely, that the proper price for every commodity is exactly the same as the cost of producing that portion of the commodity which the market must have, but which costs most to produce.

I say, governmental price fixing never takes into account that it is the marginal cost of production, and not the average cost of production which is of consequence in fixing the price. Governmental price fixing slips up always at that point, and its first effect is to make it unprofitable for all the marginal producers to go on producing. It ends by beating marginal producers. We saw that in the coal business during the past winter. There is no question that the governmental prices were sufficient for profitable operation of a large number of mines, but they were prices too low to make it profitable for a considerable number of mines whose product the market had to have, no matter what the cost. Those are what the economist call the marginal mines or the marginal producers of coal; and Dr. Garfield's price shut them up quick and fifty million or more than that of tons of coal which would have been dug out of those marginal mines, simply did not reach the public, and we all had coalless Mondays and various other things of that kind. Now that is the inevitable effect of price fixing. Wherever you apply it it reduces production. That cannot be avoided. The real motive for price fixing is protection of the public. It is believed by those who advocate price fixing that the public will be gouged by the profiteer if there is not some governmental control of prices.

I should not deny that there is something of substance to this belief, although the assertions as to the profits seem to me in the case of wheat to be groundless. I do not believe flour would have gone to fifty dollars a barrel without price regulation of wheat. I think those things are spooks, and not realities in the commercial world.

I think perhaps it would have been just as well and we should now have more of wheat if one year ago the price for wheat had been allowed to take its natural increase. I do not think anybody in the U. S. would have starved if we had four dollar or five dollar wheat, but I know that we should have had more wheat in our granaries and our Allies would have had plenty of it. And our hotels would not be giving to every guest four times as much as he needed, if we had wheat at five dollars a bushel one year ago. We should have had a reduction of consumption that might have amounted to two hundred million bushels if we had called wheat five dollars a bushel. That is the other side of it. Now I do not see what particular gain comes from price regulation which cuts down production. I can see that in a country like Great Britain where a rise of prices cannot possibly affect production to more than a limited extent, and where an automatic corner exists, prices may without regulation rise to heights which would make them trying to the population as a whole. But in a

country like the United States where the problem is increase of production, where we have the means of increasing production, I cannot imagine the reason for adopting a course which will decrease production. What I have tried to do is simply to bring before you certain aspects of the credit situation which the war has brought about, which we are bound to take into account, and reflect upon, in order that we may deal with the difficulties as they actually arise. We do not want when this war is over—God grant that it may be over sooner than any of us anticipates—we do not want when this war is over to have our industry and trade snarled up in difficulties which are unnecessary, if long before the end of the war we have discussed the problem and arrived at clear conclusion of what shall be done, how we are going to take these great changes which are beyond the power of the government to withstand. Government cannot withstand a movement of the interest rate, and Government cannot withstand in the long run the effects of interest itself on the values of property, land and buildings, manufacturing commodities, raw materials, etc. Government is helpless in the face of great quarters which come into play with regard to those matters. And what we really need is to have these questions clearly in our minds now, and to arrive at some sort of a satisfying conclusion about them before the end of the war is upon us. (Prolonged applause.)

CAPTAIN WHITE: What effect will lack of conversion have upon the sale of the bonds?

MR. MARSH: I do not think much. It had some but I do not think much. I think the slowness of four and a quarter per cent. loan bonds is a matter of trivialties more than anything else. Of course I think the interest rate is realized to be lower than the market rate of money for long term investment. Every person familiar with the investment money market knows that is the case. The Government is really asking people to do with their money and savings what it does not ask them to do with their steel products and wagons, etc. The Government says to the steel manufacturer, "For your services we will give you at least a going rate of profit," but to the man who saves, it says, "You must do something which does not bring you a return;" in other words, money is put on a different basis from anything else. Saving money is just as much a service to the community as building wagons, and it should be paid for by the community, just as building wagons should be paid for. And the Government has not paid a high enough price, and we have a test of the price, which I gave you, namely, that long before the war, when the question of war inflation did not come in, the life insurance companies were investing first three, then four, then five, now six billion dollars in the choicest kind of investment, at a rate which has never been below 4.9 and dur-



ing the last five years has been averaging 4.9 to five and one-half per cent.; and when the Government does not pay that rate it is not paying the market rate. It is asking people to hand over to the Government this saving service for less than it is worth; whereas it says to the manufacturer of steel goods, cotton goods, and munitions, "We want you to make a reasonable profit." That is one reason of cost, why the rush of capital to the four and one-quarter per cent. bonds is not as great as it might be. But I think that is not the real hitch, and I think that the patriotism of the people of the United States is so great that we take ten billions of the 4¼ per cent. bonds or would have, if it would not have been for certain ideas put into their minds. It is talked into their minds that they must not subscribe to war loan bonds in this country anything but their current savings. There are tens of thousands of people who subscribed to the three and one-half per cent. loan, and the four per cent. loan, borrowing the money to pay the amount of their subscriptions, who have not taken any of the four and a quarter per cent. loan. I think in New York city alone that amounts to one-half billion dollars. I know so many people who are in that state of mind. Then, it has unquestionably affected the movement of the loan very considerably that Mr. McAdoo and other people representing the administration of Washington have so vehemently assailed people who sold their bonds. It is a simple matter, but it has considerable effect on the subscriptions to the loan. There must be people who have to sell bonds. And when you have people who have to sell bonds the question of the price of them in the open market is the question of what the buyer will give, and not the rate at which the seller will sell it. If you have one hundred thousand of Liberty Loan Bonds what happens to the price of them is your concern, and not mine. If I have bought all the Liberty Loan Bonds of this loan I can swing, and next month I make a large sum of money and would like to buy more, and you would like to sell some, my idea is you must meet me in my price. When I go into the open market to get some, I must get them at a price which leaves the load on the man who first subscribed. It is up to him to stand whatever loss there is.

THE PRESIDENT: Gentlemen, would it not be well, since it is now twenty minutes of two, if we took a recess for luncheon and transferred the balance of this morning's program over to the afternoon session to Mr. Greene's meeting scheduled for two o'clock.

(Motion to such effect made, seconded and carried.)

Meeting adjourned at 1:40 o'clock.

SIXTH SESSION

Friday, May 3, 1918.

MR. EDWIN FARNHAM GREENE, chairman of the meeting, called the session to order at 2:15 o'clock.

THE CHAIRMAN: This session is to be devoted to a consideration of "Research as an Aid to Industrial Efficiency." The committee was hoping after this meeting and after perhaps some further interest is aroused, that a questionnaire will be sent out to various companies and plants to seek to get in a preliminary way information as to what kind of work is to be carried on best by the Association which will best help the industry, so that later on, after this meeting is over and the matter is more thoroughly discussed and the subject is better known, the committee will become more active and I am sure you will hear from them. As I say, without further worth of mine, I am going to present to you the four speakers of the afternoon. After you have heard them we will have a discussion of the meeting. I want to say that we appreciate very highly the honor done to this association and a great industry which we represent in having with us such men as those who are to address you, and I want to thank them at the very beginning for their interest in aiding us in this question of industrial research as applied to our industry.

I take great pleasure in the first place in introducing Dr. George E. Hale, who is Chairman of the National Research Council.

ADDRESS OF DR. GEORGE E. HALE

Mr. Chairman and Gentlemen: It is an interesting thing, in the light of our present knowledge of the facts, to go back and review some of the events which preceded the war, as they occurred in Germany, and to find the indications and preparations of the war in many directions not at first obvious. For example, one may read the books of Bernhardt and Treitschke and others and find sufficiently obvious indications of the tendency of Germany toward war, but if you will go into

many strictly technical lines and into many branches of industry or of science you will also find indications very plain indeed from our present point of view, perhaps less obvious, of Germany's intention to carry on this war. To take a case in point—take the matter of dyestuffs. You will remember that the first of the aniline dyes were discovered by Sir William Perkin. It was the basic discovery from which the whole industry sprung. Nothing was done with it. It remained an interesting scientific discovery but so far as applying this discovery to the developing of a great industry, no important move was made in England. In Germany, on the other hand, where a great number of chemists had been trained in the universities, this discovery was taken up and made the basis of the immense development of the dyestuff industry, of which we all know. At first that does not appear to have any special bearing on the war, but as a matter of fact in these later days, when it has been so well known that the same processes which go into the manufacture of these dyes are also fundamentally important in the manufacture of high explosives, it is reasonable to imagine that the German Government has looked with a considerable degree of interest upon the promotion of this great industry, and as soon as war was declared it was a simple matter to turn the plants for the manufacture of dyestuffs into plants for the manufacture of explosives. The optical glass industry seems remote from the war, but when the German Government subsidized Schott & Co., of Jena, years ago and encouraged them to develop the investigations necessary to produce new types of optical glasses, I suspect even there that the industrial and scientific side was not the only consideration of the German Government, because as you know optical glass is required for periscopes, for field glasses, for sights of guns, for range finders and many purposes of great military importance, as England found to her cost when she entered the war and found her supply of optical glass from Germany cut off, and was forced into the same procedure or plan of getting the various chemists to work out the methods required which had not been worked out sufficiently for the manufacture of optical glass, absolutely necessary for military purposes.

Another case is that of nitrates, which the rest of the world has imported from the great nitrate beds of Chile. Germany knew perfectly well her stock of nitrates would be cut off by war and she went to work and developed, among other things, the great process for the development of nitrogen, which are used in Norway, where the waterpower is cheap and it is possible to produce nitrogen from the air by the arc process at reasonable expense, and a little later other processes, which can be carried on without large waterpower, and which are now used in Germany to manufacture powder. Nitrate has its own value as a fertilizer, and for other uses, and in all these cases, both the military and industrial side and the advantage of the promo-

tion, the utilization of new processes are obvious in every point of view.

Now, then, this matter of the development of scientific research which Germany has so long recognized and provided for through her universities where she has turned out great numbers of men skilled in the carrying on of the sciences of chemistry and physics, and the other subjects essential to the promotion of these resources, all these things have their treble aspect and we cannot separate them. There is the research for the advancement of knowledge, and that is made sufficiently obvious from the industrial point of view through the mere fact that you cannot have applied science unless you have science to apply. You must get the underlying knowledge to investigations, not for the purpose of direct application of the industries, but for the advancement of the underlying sciences from which these applications spring, and then you must have the investigations made directly for industrial purposes, and of these applications we will have illustrations given by the men who are to speak this afternoon, some of whom are directors of great research laboratories and know more about this question than I pretend to know. As long as we have such an enemy as Germany we must have research for military purposes and develop our methods in every possible way.

Dr. Hale then presented in a very striking manner the development of research work in the United States, especially since the outbreak of the war. He touched upon the facilities developed and made specific application of the value of such service to the textile industry. His address was received with great applause.

Dr. Charles L. Reese, Chemical Director of the E. I. Du Pont de Nemours Co., Wilmington, Del., was the next speaker.

WHAT THE CHEMIST IS DOING FOR OUR INDUSTRIES

DR. CHARLES L. REESE

Chemical Director, E. I. Du Pont de Nemours Co.,
Wilmington, Del.

There has been a great deal written and said during the last three years with regard to what chemists have done for various chemical industries, but very little has been said with regard to how this has been accomplished. In the few minutes I have at my command, I propose to give some idea as to what a chemical organization should be, and also to show how the existence of a fairly complete organization has made it possible for this country to meet the extraordinary conditions brought about by the war, and in particular, the one in which you are most interested, that is, the dyestuff situation.

The early chemical industries of this country were started principally by men who were chemists themselves, or who had had experience in chemical industries in the old country. These men were generally very successful because their factories were small, the demand for their products comparatively large, and constantly growing, and the prices to be obtained left a handsome margin of profit.

It was also possible to give personal attention to all operations, as was the case in factory management in the spinning and weaving industries in the early days, when the owners knew personally all of their operatives and could overlook the operation and efficiency of each machine.

As the industries have grown and have been consolidated into larger units, this personal contact with the manufacture has become impossible, and organization has become necessary to meet these conditions. Competition has also become keen, and profits per unit so small in comparison that ways and means have had to be devised to materially reduce manufacturing costs.

Owing to the growing complexity of business, the management of most large corporations has come into the hands of men whose training has been mainly along business rather than technical lines. A well organized industry, however, should have its technical staff, including chemical and mechanical, as well as legal and other branches. I mean staff in contradistinction from line as defined by Hines, in his very good book on Organization. Now I wish to devote a few words to the function of the chemist in the organization.

There are a number of functions which chemists must perform. In the development of industries there is scarcely any which does not have some chemical problem. In fact, all industries must deal with some form of matter, and are dependent either upon the work of the chemists, or upon the previous work of the chemists. Your own industry is the best illustration I can give of this. The growth of the cotton is a chemical problem. The manufacture of the fertilizer used is a chemical manufacture, and the preparation of the cotton, either before or after spinning, and the dyeing and bleaching, are all chemical problems which should come under the supervision of the chemist, unless the same chemist has already worked them out.

The various functions of the chemist may be classified as follows:

THE ANALYTICAL CHEMIST

The analytical chemist analyzes raw materials, intermediates and finished products, coal, oils, and substances. This is the ordinary chemist in works' laboratories, and is classed under the "management of the plant." His functions are essentially routine, and he repeats the same thing over and over again. His work should not be confused with research work, and research work should never be dele-

gated to such a chemist. This class of chemist was the first class recognized in this country; probably first in the iron and steel industry where his work is essential to the control of the quality of the finished product. In the cotton industry, this man would, probably, look after the bleach, and could be used for determining the quality of the colors purchased, and even the selection of the colors for use, unless the industry were sufficiently large to warrant the employment of a specialist in a staff capacity.

RESEARCH CHEMIST

The research chemist is the man who develops new products, new processes, finds means of utilizing by-products and works for the improvement of the existing processes and products. He also seeks more economical raw materials. A large establishment can afford to maintain special research laboratories, and if an industry is made up of small units, it would be advisable to create a co-operate research laboratory where a number of concerns interested in the same lines could maintain laboratories. This method is being fostered in England at the present day, the English Government having appropriated \$25,000,000 for this purpose. I might say the Du Pont Company will spend in the neighborhood of \$3,000,000 this year for work of this character, exclusive of capital expenditure for buildings and equipment. They employ over three hundred technically trained men, and a total of eight hundred and sixty-six men on this class of work. I use this illustration because I have not the means of knowing what other concerns are doing along these lines.

Besides the research chemist, every organization of sufficient magnitude should obtain a corps of chemical engineers under the direct control of a chemical executive, the research department also coming under same control. Every chemical operation of a large organization should be supervised by a specialist in that line; for instance, in the Du Pont organization, besides the chemical director and assistant director, the manufacture of sulphuric acid, nitric acid, nitroglycerine, nitrocellulose, solvents, pyralin or celluloid, smokeless powder and high explosives are all supervised by specialists along these lines, and many of them have a number of assistants. Their function is largely to promote chemical efficiency in the operation of plants, and may be classified along the same lines as Taylor's "Functional Foreman" in his system of shop management. Not only the works operations, but the works laboratories, come under the technical supervision of this staff organization. The importance of the staff organization above referred to is that the chemical director and his assistants become thoroughly familiar with all phases of the business, not only from a manufacturing and cost, but also from a selling point of view. They become familiar with the requirements

of the trade, and are able to assist the management in a consulting capacity from a very wide point of view. I consider this latter function as being of extreme importance in the development of the American industries. In fact, I am satisfied that in the future the chemical engineer will find a place on the governing boards of American industries—a point which was brought out very strongly by Lord Raleigh in a speech made in England at the time the British Dyes, Limited, was incorporated. He attributed the success of the German chemical industries as being largely due to the use of men with chemical training in the management of their companies.

You are familiar, of course, with the effect the war had on the supply of dyes for the textile industries of this country, and also with the German propaganda in the many technical journals, intended to discourage Americans from entering this great industry. The complexity of the manufacture was pointed out for their discouragement. The papers, also, printed a great deal with regard to the wonderful military advantage Germany had on account of her extensive dye industry, which she could immediately turn into munition factories. I do not consider the presence of the factories themselves a matter of very great importance to the Germans. They might have been an important factor in a small war, but the requirements for this great war have been such that their mere existence can have counted but little. However, the real assistance which they obtained from the existence of these factories was the chemical organization which they maintained. As this war has become, in a sense, a chemical war, the chemical organizations common in Germany have very materially assisted that country in its prosecution.

Now what were the conditions in this country? There was no dyes industry of any great magnitude, but there was a well organized explosive industry with a well organized chemical organization. I might say that, at the beginning of the war, the Du Pont Company had in the neighborhood of four hundred chemists in their employ, many of whom were functioning along the lines above indicated. The first effect of the great war was to call upon this organization to meet problems which seemed to be almost as unsolvable as those presented by the dyes situation, since many of the raw materials necessary for the manufacture of munitions had been secured from Europe, just as the dyes had been. This organization, however, was able to meet the situation in such a short time that there was not a day's delay in the production of powder for the want of these materials. For the manufacture of one of these, diphenylamine, which is also an intermediate in the manufacture of dye-stuffs, three separate and distinct processes were developed, and it was soon being produced on a large scale. A satisfactory process for the production of dimethylaniline, another dye intermediate necessary

for the production of tetranitromethylaniline, commonly called tetryl, was developed in ample time, as well as one for the manufacture of tetryl. These accomplishments gave courage and confidence to the chemists of the Du Pont Company.

The fact that this organization was manufacturing and using all the basic raw materials necessary for the manufacture of dyes, namely, sulphuric acid, nitric acid, benzol, toluol, xylol, naphthalene, nitro-benzol, aniline, and picric acid, naturally led to consideration of the possibility of entering this great industry. About two years ago chemists were put to work studying some of the dyes problems for the purpose of training them to determine their capacity along these lines, and it soon developed that the great bugaboo presented by the German propaganda was a myth. Consequently, this great munition concern, in spite of its tremendous expansion brought on by the requirements for large quantities of munitions, felt itself in a position to meet the critical situation which the textile industries were facing, and after a thorough study of the situation determined to begin the manufacture of dyestuffs. In December, 1916, this decision was reached, and in February, 1917, the work on the plans for a plant was started, and today, a little over a year later, several million dollars have been invested in a plant which presents the appearance of a small city.

Our aim was to first manufacture the colors which are most needed in this country, regardless of the difficulty and cost of manufacture. It might have been an easier task to attack a line of colors which could have been produced at considerable profit, from intermediates purchasable in the market, but this would not have met the situation in a proper manner.

We felt that the only safe foundation for a color industry in this country was the manufacture of a comprehensive line of intermediates, starting at the bottom with crudes on such a large scale as to make it economically sound. To illustrate this fact, it is interesting to note that indigo of a quality unsurpassed by any German product, is now being manufactured on a very large scale, and all the intermediates necessary in this manufacture are produced from the simplest crudes in the works of the company. The plant will be brought up to its maximum capacity in a very short time, and will doubtless fully supply the United States and Canada with this important material. This is an achievement which I feel you will all recognize as one which the American chemist has the right to be proud of.

The program is to produce fine and fast colors irrespective of difficulty and cost of manufacture. It will not be long before the finest basic acid and direct colors will be produced, and somewhat later alizarine colors and their greatly needed derivatives, the vat

colors. In a comparatively short time, sulphur colors and chromo colors will also be made, and while it is not possible to make a prognostication as to dates, the construction of the plants is progressing rapidly, and in spite of considerable difficulty in securing machinery and raw materials, there seems to be no doubt but that this undertaking will be a very large factor in making this country independent in the dyestuff industry. (Applause.)

THE CHAIRMAN: There will be an opportunity offered later for asking questions if there are any that you wish to ask.

We will now take up the next topic, which is an address by Dr. Edward R. Weidlein, Associate Director of the Mellon Institute, Pittsburgh.

The address of Dr. Weidlein gave a concise record of the purposes in the founding of the Mellon Institute of Industrial Research and traced what it had achieved in promoting "Science and Industry." It was most cordially received.

THE CHAIRMAN: I next have the pleasure of introducing C. E. K. Mees, Eastman Laboratory, Rochester, N. Y.

DR. MEES: Mr. Chairman and Gentlemen: I want to mention a point at the outset where we are playing into the hands of the enemy. If you go down to breakfast in the morning feeling fine, and on the way into the dining room you pinch your finger in the door, you are liable to forget how well you were feeling and give your attention to your hurt. The countries at war on the allied side, especially this country and England, when the war broke out pinched their fingers badly in the door when they found they had no dyes and they wondered how they were going to make dyes. In the explosive industry England was perfectly equipped and in the steel industry we were very well equipped. In the sulphuric acid industry the United States has been able to provide the sulphuric acid which is required for the war. What has happened to us in that position? Dr. Mees gave the answer—when the U. S. went into the war the Du Pont Co., had all the chemists they needed. In England they had an ample number of chemists, and they could take over their skeleton organization of chemists and start the manufacture of explo-

sives with it, and they were able to provide the explosives that kept the Germans out of Paris. I think we can congratulate ourselves on that, and forget the pinch on the finger.

Dr. Mees' address proved exceedingly interesting and as such was received with much gratification.

THE CHAIRMAN: We have appreciated the very thorough manner in which these subjects have been presented to us, and I will ask if anyone has any questions which they desire to submit to the speakers. The committee on arrangements has asked several men to informally discuss this subject, but before calling on them I ask if anyone has any question to put to these interesting speakers? Apparently there are no questions to be asked and so we will proceed with the discussion of the subject.

DR. A. POPE: I think it can be said that just so far as this association has the ability to suppress individualism, and to co-operate as a whole, just so far will it survive as a useful organization. You will not survive in the after-the-war international competition unless you adopt the recommendation of Dr. Hale and establish a general research laboratory for the whole organization. You cannot compete with the research laboratories of Great Britain and other countries unless you do that.

One of the functions of such a laboratory is to deal with the labor problems, and I am here merely to say briefly a word about that. It depends upon three things: 1, equipment; 2, raw material, and 3, labor, in about the order you have given these subjects attention. You have spent vast amounts of money in equipping your factories with the best machinery and then you spend less money in improving your supplies and raw materials and still less money in dealing with labor.

My own interest in the labor problem is that of a so-called housing expert, and I ask you to consider whether or not you are not in need of a housing committee as part of the research laboratory to deal with this most serious of all of your problems today. You are facing now a very great shortage of labor,

a shortage which will increase rather than decrease. You will doubtless improve these conditions by the use more and more of automatic machinery. That will help only one problem. You are in competition with many other industries, and they are going to bid for, and get, the labor unless you have this research laboratory and find out how best to improve this problem.

I have always felt that the body of men composing this association had been among the most progressive of all manufacturers in this country. In fact, they led the way in housing in the early manufacturing days in New England when they built the substantial, roomy, attractive little white houses throughout New England. I think that they tried to solve the problem, but they have failed, like all other industries, so far. The failure has been due in part to lack of investigation on which to base intelligent action. It is a very complicated problem, involving a psycho-analysis, if you will, of yourselves, and then of labor, in fact if you will make these investigations, you will find a way to improve this problem. So much so that the town planning which you are doing, not individually, but collectively as an association, will result in a better condition for bringing the laborist to your town than any other group has yet to accomplish. You will not have to enter the market and compete with more dollars for labor, but you will enter the market with a thing that will make life worth living, and improved housing and environmental condition that the cotton manufacturing industry has not known.

You see you cannot do it individually. One man says, "I will have a beautiful village, and I will do what I would do for my son or daughter if I was planning it for them." What does he face? He faces competition with the manufacturers who say they are out for the dollar, but I take it if you have found the facts in the case you will set up a minimum standard of living conditions for your labor, so that no one man can be a member of the association who fails to comply with these minimum standards, and when you have set these standards you can make it a byword in the land that the National Cotton Manufacturers Association led the way to improved housing

conditions for the employees of the members of the association.

I ask you to take this seriously and see if you cannot make a housing campaign a part of the research laboratory for this association, get the best men available and pay them their price, as it will be the cheapest investment that you can make and you will see a return that you cannot now imagine.

THE CHAIRMAN: Is Mr. J. P. Jackson present?

MR. C. E. SKINNER: Mr. Jackson found that he could not be present, so I came to at least listen, not to say very much. I will not take much of your time. The research laboratory of the Westinghouse Electric and Manufacturing Company has grown up to the engineering department, rather an unusual type of organization. It was organized as such something over twelve years ago, and was the outgrowth of what was called the experimental laboratory, and lately we have added a large building for more or less pure scientific research, naturally with the aim in view of applying it with our work.

It may be of interest to say that one small section of this research laboratory last year, in our accounting, in looking over our results, simply on the matter of savings turned in about 50 per cent more than the total expenses of the research division. That is a matter of savings, savings alone, and one of the great things that can be done in any industry is to take care of the savings. I happen to know that some of the researches carried on in the Mellon Institute have been along that line, and have been wonderfully productive, particularly where the industry had had little or no research previously. In a large company, such as ours, employing 65,000 men, we have to deal with every branch of research. Of course, the electrical is a common one, but we find that we have occasion to employ chemists, physicists and metallographists. My company recently has taken a munitions contract and I have been perfectly astonished at the research necessary with the manufacture of a high explosive shell, for example, and the president of our company, on the completion of some very large high explosive shell orders for the British Government, made the statement that we made good shells because we knew

We hear a great deal about the scientific management or administration of labor, and that the scientific management method secures a little more work by doing the labor this way or that way, but we seldom hear of the scientific administration of the materials that pass through the factories. You need a molecule chaser there—molecules are always busy and up to all sorts of tricks, and it certainly needs a proper control at the head in order to secure the best results.

Research has to do with scientific control. No doubt it takes a person with a good deal of scholarship to engage in research, as nearly everyone has told you, and yet, to show you how research is undertaken by scholarly men I can give an instance in the case of a laboratory with which I am associated which had a problem presented to it by some cordage concerns. Beetles ate up the binder twines in the field and the object was to kill the beetles. The proposition was put to a scholarly man of research, a thoroughly good man of science. He said he was not acquainted with the habits of beetles and he would like to get acquainted with them. He went out to the field and laid down in the stubble and he found they did not care for the binder twine, but at the same time they did not like to be in the sun after the grain had been cut, and they got into the grain after it was bound so as to escape the sun, and they ate the cordage twine, and then he found something they did not like and really could not stand and the bathing of the binder twine in that solution removed the trouble.

The rubber people made rubber from Mexican rubber, and the peons would gather it in, and in the course of time they found that they were getting all of the shrubbery from the lands, and it was not likely to renew itself, as it took fifteen years for the shrubbery to grow under normal conditions, and they found by irrigation it would grow in from two to three years, but when they got it to grow in two or three years they found it had not secreted any gum—it did not have to, it had all the water it needed.

THE CHAIRMAN: We will now close this session.
The meeting adjourned.

FINAL BUSINESS SESSION

Friday, May 3, 1918.

The President, Mr. Fuller E. Callaway, called the meeting to order at 4:10 o'clock p. m.

THE PRESIDENT: I see we have with us our old friend, Dr. Charles Herty. I am sure we would be glad to hear from him.

Dr. Herty responded briefly, outlining the necessity of every backing and resource being given the Government in the winning of the war.

MR. RENNIE: Mr. President, the privilege has been granted me of presenting you with this medal; the medal of the retiring President. Its fac-simile has been given to your predecessors in office for many years, but in no instance has a man more worthy received this honorable distinction.

To this association you have given a service of immeasurable value, at a time when service has meant sacrifice; and the unanimous sentiments of its members are appreciation of the gratitude for your labors in their behalf.

We also desire at this time to congratulate you upon the success that has attended your efforts for the uplift and betterment of all conditions surrounding the people employed in manufacturing enterprises, not only in your plants, but in your home city and State.

The American Cotton Manufacturers Association is justly proud of its President, who, at the first call made by the Government for cotton goods, responded by offering his mills, organization and equipment for the duration of the war for the production of goods needed for the army and navy; being one of the first men of the nation to place his plants and output at the service of the Government at cost, the only profit desired being the welfare of his country. Such patriotic, unselfish service should serve as an example of what Americanism should mean to every man present.

Permit me, in closing, to express the hope that this Association shall long continue to have the benefit of your wise counsel and leadership in its every effort for greater service and usefulness to its members and the industry that called it into being.

(Hands medal to the President.)

THE PRESIDENT: Mr. Rennie and gentlemen, I am very much obliged to you. I do not deserve it. I feel I have done fairly well, but Mr. Adams has done a good deal towards the association. I am going to try to do better. That is all we can promise. This is our war. I do not think anybody deserves any special credit for doing what he can. I think only pleasure will come from it. We offered our plants on April 2nd, last year, the part which is fitted for Government work, during the duration of the war. I am interested in the winning of the war, but I do not believe I have fully realized what the war means. I do not think anyone of us fully realized it. This is our country, and it is a matter of self-preservation for us to do what we can for the Government. Self-preservation is the first law of nature which the animals have, and we have to mobilize ourselves, our property and our industries as a unit and use them to the best of our abilities in winning this war, and we can fight each other afterwards. (Applause.)

The next report is that of the Committee on Membership, Mr. Long, chairman. The report will be presented by the Secretary.

The Secretary read the report as follows:

REPORT OF MEMBERSHIP COMMITTEE

Mr. President and Gentlemen of the Association:

As chairman of your Membership Committee I beg to advise that the reorganization plans outlined at our Washington convention last May have moved forward in a gratifying manner during the year.

According to our reorganization plan there are three classes of membership in our association:

1. Active membership, which must be corporate, that is, the membership is vested in the mill with some designated official to act for the mill on all problems arising.
2. Associate membership, which is individual and limited to those engaged in some allied line with the textile industry.
3. Associate corporate, which includes the firm membership of the

concerns who are neither weavers nor spinners, but who are likewise engaged in trades allied to the textile industry.

ACTIVE MEMBERSHIP

Active membership, which had formerly been on a flat rate, all manufacturers, both large and small, paying a certain fixed sum, was changed and put upon a spindleage basis, our constitution stipulating that such dues should not exceed \$2.00 per thousand spindles for spinning only mills and \$2.50 for weaving mills. By order of our Board of Governors, our Secretary was instructed to collect \$1.00 per thousand spindles from spinning mills, with minimum per mill of \$20.00, and \$1.50 per thousand for weaving mills, with minimum of \$25.00 per mill, during the past year.

On this basis, 389 corporations, representing 428 mills, have been enrolled active members during the year, with an aggregate spindleage of approximately 8,411,000. These mills paid into our treasury during the year, on the foregoing basis, a total of \$13,538.06.

ASSOCIATE MEMBERSHIP

Associate membership was continued as previous, but the dues were increased from \$10.00 to \$20.00 a year. On this basis we enrolled 233 Associate members, who paid into our treasury during the year a total of \$4,660. The best previous record of Associate membership was 212, with payments aggregating \$2,120.

ASSOCIATE CORPORATE MEMBERSHIP

Thirty-one Associate Corporate members were enrolled during the year, who paid into our association a total of \$2,000, making a total income from all sources of \$21,014.09.

There are today in the South approximately 14,400,000 spindles, according to Government census reports. Our membership therefore is only two-thirds of the total Southern spindleage. It is the recommendation of your Membership Committee that the enlargement work inaugurated during the past year shall be continued vigorously. The personal visits to the various mill centers proved very productive and these should be continued during the year to come. There is no reason in the world why our association should not have a membership of 12,000,000 spindles. It should be the aim of your Membership Committee, with the closest co-operation of our Board of Governors and our Secretary, to bring this to pass.

I beg to express the appreciation of our committee to the individual members of the Board of Governors who contributed so substantially during the year to make this record so gratifying as it is.

THE PRESIDENT: The next business will be the report of the Committee on Foreign Trade, to be presented by Mr. D. Y. Cooper.

MR. COOPER: I am sorry that Mr. Lawrence is away and I cannot get hold of the report. Some of you gentlemen have heard it yesterday. I will give you a resumé of the report as I recall it.

With this Mr. Cooper discussed briefly the export trade situation, with particular reference to after-the-war conditions.

THE PRESIDENT: We will now have the report of the Committee on Legislation, which will be presented by Mr. Cramer.

MR. CRAMER: Before presenting the report I wish to make a brief statement. I undertook, at Mr. McAdoo's request, to serve on a board to interpret the tax law, to make it apply equally and fairly to all industries, because there are a great many industries in the country which the provisions of the bill did not apply to equally, and some one would be undoubtedly unfairly taxed and some would get off almost without any tax. We studied the bill several months and had at our hearings several thousand people in Washington, and we had regulations incorporated in the bill which would make it apply equally to everybody. We took the ground that if everybody paid their share our share would be reasonable and fair and right.

Our industry is a peculiar one. It is an industry where there is not much chance for monkey business, even if you wanted to try it. You all have plants without any watered stocks, your organizations are based on costs. There are a lot of other industries more happily situated, if you could call it so, and if in their ideas of invested capital the values of their plant prevailed, they would not pay much tax, and we would pay more, and so I say my aim has been to see that we paid our share and that everybody else paid their share.

After that was done Secretary McAdoo asked three of the board to serve as tax reviewers and to hear appeals, and we have charge of the general collection of the tax. This involves hundreds and thousands of returns and many questions come up. There are thousands of people employed in the collection of tax, and it put us under pretty high pressure. I took the job for the reason that I wanted to see that the regulations which were prepared were carried out, and to see if the beneficial results, so called, were really obtained.

As to Liberty bonds, I feel that it is not at all out of place to say that we are telegraphing home to our mills to do a little more and it may be best for the rest of you to do that, because if you do not do your part in taking the bonds, if there is any lack of subscriptions, you will pay more in taxes. The Government must have the money and they are trying to get it through this bond issue, and if they cannot get it through the bond issue they will raise it by taxation.

The Legislative Committee of our association has dovetailed its work into the work of the National Council, because almost all the problems that are coming up now are national problems and naturally coming in the scope of the organization of the National Council, which is intended to handle all questions of national character. These problems are arising every day, one of the most recent being that of Price Fixing. As you know we have a War Service Committee, which intended to help the Government in gathering information and advising regarding questions of production, and so forth. That committee did good work at the beginning, but it has now just about reached the point where its duties need revising. We have therefore appointed a new committee, under the auspices of the National Council, popularly called the Price Fixing Committee. We are avoiding the use of that term, however. We have started to call it a War Production Committee. As a matter of fact, we are going to recommend to the National Council tonight that the War Service Committee and War Production Committee be consolidated into one War Service Committee. We used that name because the Chamber of Commerce of the United States has adopted that term, and it is well known in Washington, and like a trade name will mean something. It will help the committee, whereas the Price Fixing Committee is a little bit of a misnomer, so that we will probably recommend that they be consolidated.

On this question of price fixing you heard last night a resolution read. I had an opportunity to get it into Mr. Daniels' hands. Mr. Daniels has developed into a very good business man. He is directing a very large organization, and the success of the Navy Department has been due to the good busi-

ness judgment and the ability of the men connected with it.

So in this resolution we have taken position that we are willing to accept, if the administration deems it necessary for winning the war, any control or degree of price fixing. We accept it, in the first place, if they think it is necessary, and extend it to all industries and all branches of industry. In the second place, the prices fixed must be fair and based on a return of the capital invested that will yield sufficient to pay for these bonds and taxes. I have not said all this in the resolution; it does not sound good, but it was there by implication. The prosperity of the industry is mentioned as essential to winning of the war. It means you must have a substantial sum left for these contingencies. When I read the resolution, you will understand that.

I want to say that we did not go into this price fixing business voluntarily. The tendency of any good buyer is always to buy low, and the buyer who did not do that would not be a buyer very long. You must make your mind up to that. Sometimes we have gotten sore at the Government buyers who press the price down. That is his instinct, his training, and you must accept it.

I will read this resolution and move its adoption, Mr. President.

WHEREAS, Our country is engaged in a great struggle against the most dangerous enemy that has ever assailed civilization, and

WHEREAS, Industrial America is called upon as never before to support the fighting line. Now, therefore, be it

Resolved, That the American Cotton Manufacturers Association again pledges its utmost endeavors and all its resources to the mobilization and organization necessary for the successful prosecution of the war.

Resolved, Further, that the American Cotton Manufacturers Association will cheerfully accept control and price fixing of its products if the administration deems such action necessary to win the war.

Resolved, Further, that should such action be taken, the interests of the country will be best conserved by applying as nearly as possible the same regulation to all industries and to all branches of the industries, the producer, the manufacturer, the jobber, the wholesaler and the retailer.

Resolved, Further, that the prosperity of Industrial America is essential to the financing of the war and that any plan for price fixing or other control should rest upon the basis of such a return on capital invested as will continue to yield the necessary taxes and to provide funds for the purchase of the bonds required.

Ordered. That a copy of these resolutions be sent to the President of the United States, the Secretary of the Treasury, the chairman of the Senate Finance Committee, the chairman of the Ways and Means Committee of the House of Representatives and to the chairman of the Price Fixing Committee.

I move the adoption of that resolution.

(Motion seconded.)

THE PRESIDENT: The motion has been made and duly seconded that this resolution be adopted. All in favor will say Aye—

MR. MONTGOMERY: I would like to say a few words on that, Mr. President. Would it not be better to simply endorse the action of the other board, rather than to adopt this resolution?

THE PRESIDENT: I should think not. These people are perfectly responsible.

MR. MONTGOMERY: I suggest that they endorse the action of the other board, and pass this resolution—both. The endorsement of the action of the other board, and the action of the committee.

THE PRESIDENT: All in favor of endorsing the action of the committee in passing this resolution will say Aye. Opposed, No.

(It is carried unanimously.)

MR. CRAMER: I am ready to answer any questions about the work of the Legislative Committee which any gentleman wishes to ask. (No response.)

THE PRESIDENT: The next order of business is the report of the Resolutions Committee.

MR. CRAMER: By special arrangement with Mr. Rennie, chairman of the Resolutions Committee, I offered that resolution which I presented a moment ago. It should properly come from this committee.

THE PRESIDENT: We will now hear from Mr. Rennie, chairman of the Resolutions Committee.

MR. T. H. RENNIE: A few resolutions have been asked of the committee. We have passed on every one that has come to our attention. The first resolution the committee will offer will be the resolution pledging anew the services of the American Cotton Manufacturers Association to the Government in the winning of the war, which reads as follows:

WHEREAS, The American Cotton Manufacturers Association in convention assembled in Washington, May 22, 23, 1917, pledged to the Government its heartiest co-operation in the winning of the war, and

WHEREAS, It is becoming increasingly apparent that industrial efficiency of production will prove the largest single factor in such achievement. Therefore be it

Resolved, That the American Cotton Manufacturers Association, in convention assembled, this the third day of May, 1918, pledge anew its continued co-operation with the administration in the great enterprise in hand and offers its entire service, with every facility and resource at its disposal in the furtherance of all causes that may aid in bringing about a speedy and righteous conclusion of the war and urges its members to exert their utmost energies towards maximum production of their mills.

T. H. RENNIE,

J. O. WHITE, Committee.

I move its adoption.

(Motion seconded, stated and carried.)

CHAIRMAN RENNIE (continuing): The second resolution is in relation to greater co-operation by the Government with manufacturers and others in promoting the American trade abroad after the war. It is as follows:

WHEREAS, Realizing that America's place in world trade after the war will largely depend on the manner in which our manufacturers and exporters generally proceed and the measure of co-operation rendered by the Government, and

WHEREAS, Co-operation by the Government to be effective must be supported with accurate and full information, counsel, etc., such as has been accorded in the past by the Department of Commerce, particularly through its Bureau of Foreign and Domestic Commerce, with the limited resources at its disposal. Therefore, be it

Resolved, That we urge upon Congress through our representatives and senators the vital need of strengthening the facilities of this department with generous appropriations to the end that the purposes of this resolution may be accomplished.

T. H. RENNIE,

J. O. WHITE, Committee.

(Motion seconded, stated and carried.)

THE PRESIDENT: We will deviate a little from the regular order, and for the present stay the remainder of the report of the Committee on Resolutions, while we receive the report of the Nominating Committee. The Committee on Nominations will now present the report through its chairman.

MR. W. E. BEATTIE: The Committee on Nominations begs to report as follows:

For President of the association, Arthur J. Draper, of North Carolina.

THE PRESIDENT: Are there any further nominations for the office of President? If not, the nomination is closed. All in favor of electing Mr. Draper as President of the association will please say Aye. Opposed, No. Mr. Draper is unanimously elected. (Applause.)

President-elect Draper takes the chair.

MR. BEATTIE: For the office of Vice-President, James D. Hammett, of South Carolina.

(Motion seconded. Nomination closed, and Mr. Hammett was duly elected Vice-President.)

MR. BEATTIE: For the office of Chairman of the Board of Governors, Allen F. Johnson, of Georgia.

(The nomination seconded. Nomination closed. Question stated and carried, and Mr. Allen F. Johnson declared to be duly elected Chairman of the Board of Governors.)

MR. BEATTIE: For the four new members who are to fill the places of those whose terms have expired:

Mr. Howard Baetjer, of Maryland.

Mr. John L. Patterson, of North Carolina.

Mr. H. R. Fitzgerald, of Virginia.

Mr. George H. Lanier, of Alabama.

(Nominations seconded. Nominations closed. Question stated and carried, and the President announced the election of the four new members who are to fill the places of those whose terms have expired.)

MR. BEATTIE: And for the office of Secretary and Treasurer the committee nominates W. D. Adams.

(Nomination seconded. Nomination closed, and Mr. Adams declared to be unanimously elected Secretary and Treasurer.)

THE PRESIDENT: We will now return to the report of the Committee on Resolutions, and Mr. Rennie has the floor.

CHAIRMAN RENNIE: The report of the Committee on Resolutions. The committee presents the following for adoption:

WHEREAS, The Priorities Committee of the War Industries Board, under date of April 6th, issued a list of essential industries to which preference should be given in supplying fuel, did not include the manufacture of cotton, and

WHEREAS, An adequate production of cotton goods is essential to the civilian and military population, and continuous employment by cotton manufacturing establishments is essential to the livelihood of hundreds of thousands of people. Therefore, be it

Resolved, That the American Cotton Manufacturers Association urges that the cotton industry be put on the essential list by the Priorities Committee of the War Industries Board, and that the officers and Board of Governors of the American Cotton Manufacturers Association be directed to take all the necessary steps, in conjunction with the National Association, to accomplish this result.

T. H. RENNIE,

J. O. WHITE, Committee.

(Motion seconded, stated and carried.)

CHAIRMAN RENNIE: That completes the report of the Committee on Resolutions.

MR. CRAMER: As a member of the Nominating Committee, in the absence of Mr. Beattie, who has to leave in haste, I wish to say that he overlooked something. Mr. C. L. Gilliland was intended to succeed himself and his name so appears on the committee's report. I nominate Mr. Gilliland.

(Nomination seconded. Nomination closed, and Mr. Gilliland duly elected.)

MR. ERWIN: I desire to move a vote of thanks for our chairman of the Legislative Committee. Mr. Cramer has been indefatigable in his work, and our association has been honored by having Mr. Cramer in that important position; and I move a vote of thanks.

THE PRESIDENT: All in favor will please rise. I declare it to be a unanimous vote.

(Motion to adjourn made, seconded and carried.)

Meeting adjourned.

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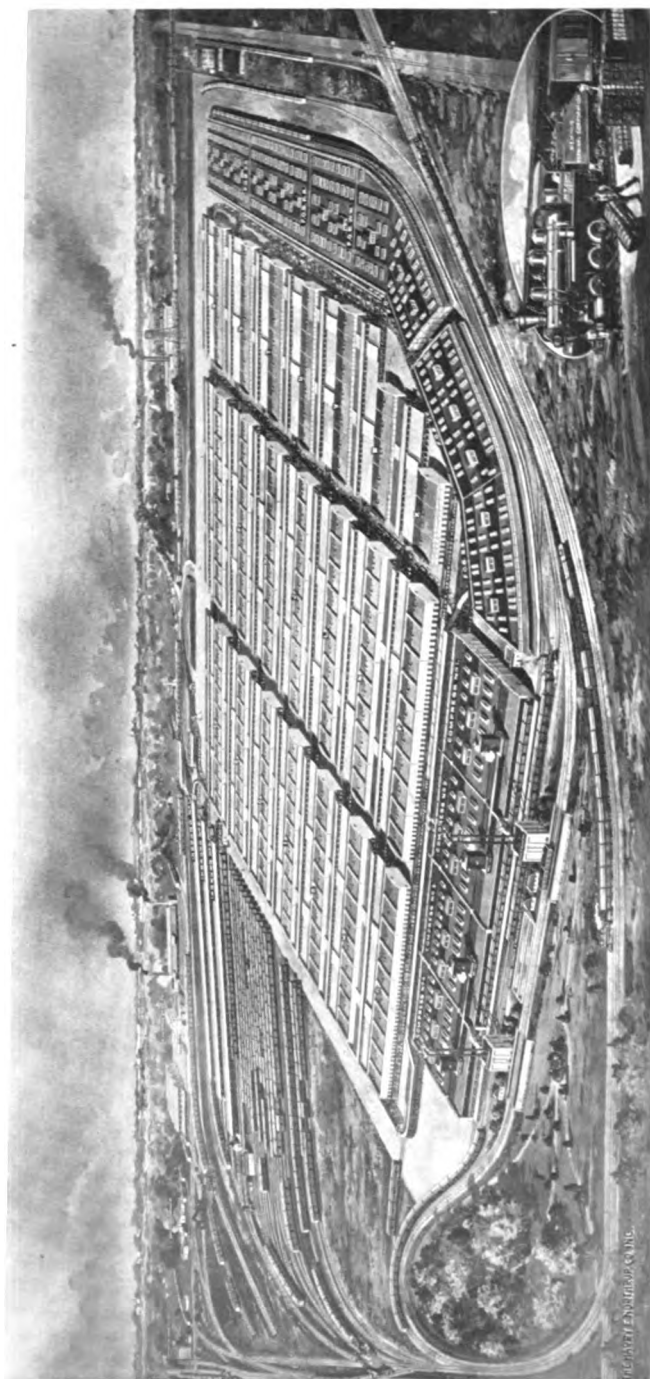
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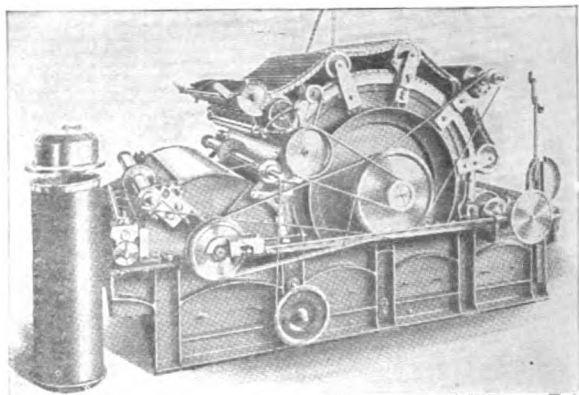
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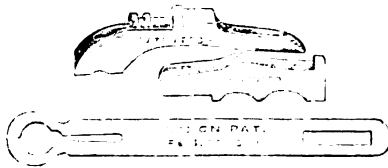
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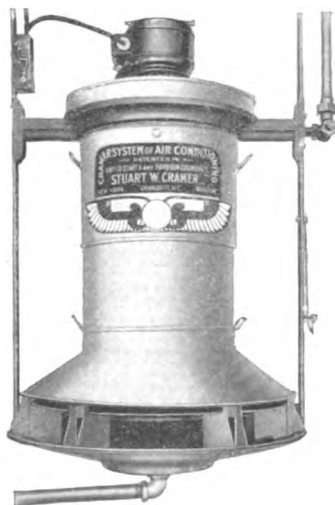
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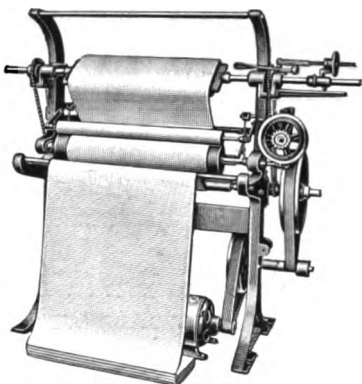
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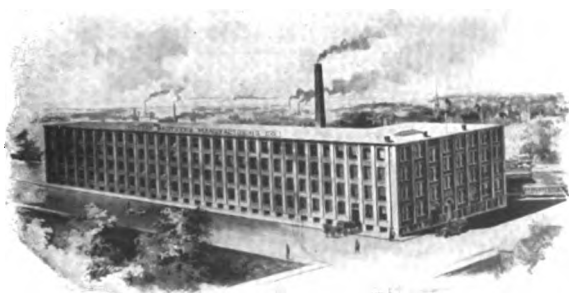
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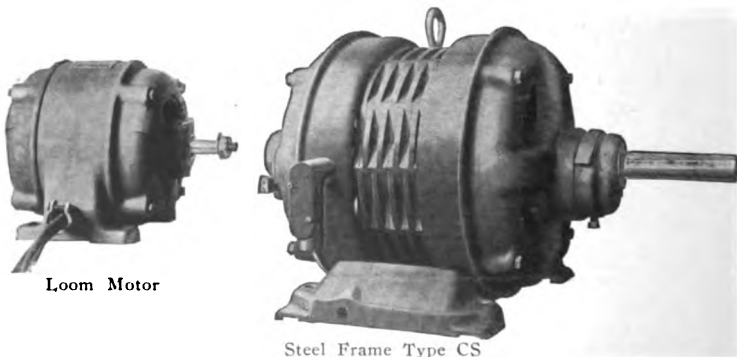
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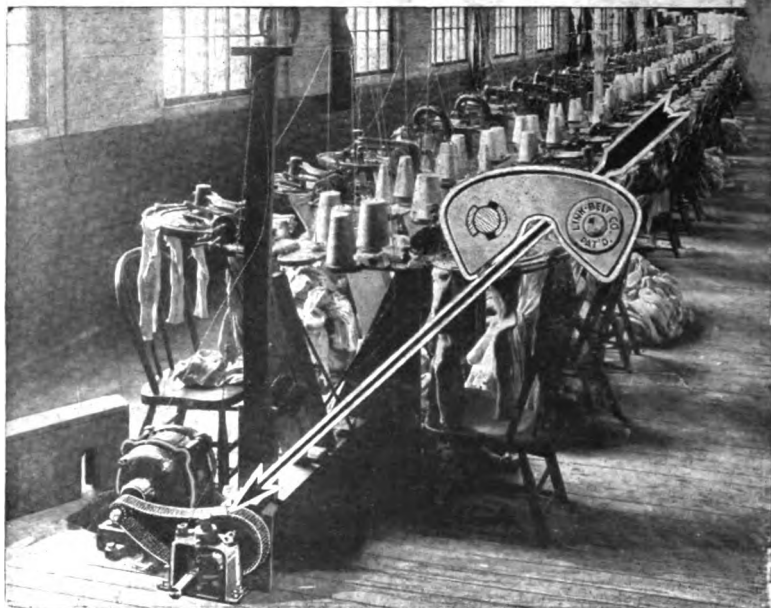
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